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EIGHTY-FOURTH CONGRESS

ON

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NEWSPRINT STUDY

TUESDAY, MARCH 15, 1955

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMMERCE AND FINANCE OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

The subcommittee met, at 10 a. m., in room 1334, New House Office Building, Hon. Arthur G. Klein (chairman of the subcommittee) presiding.

Mr. KLEIN. The committee will come to order.

Before we call the first witness, I have a short statement that I would like to make.

For many years the House Committee on Interstate and Foreign Commerce has given active consideration to the problems involved in an adequate supply of newsprint for the needs of our publications. More recently during the war and the Korean troubles, the committee has directed especial attention to the assurances of such supplies of newsprint during periods when the Nation's materials and productive capacities were being directed into the preservation and strengthening of our own national defense.

While the situation today does not look to be as acute as it was several years ago, nevertheless there still is a grave question whether there is any assurance that newsprint users in the near or longer-term will get all of the newsprint they may want.

During the last Congress this committee carefully examined into the availability of supplies, the prospective demand for newsprint, the effect on supplies of restrictions on source materials such as sulphur, the possibilities of expanding newsprint manufacturing facilities, and the possibilities of securing additional production from existing mills. In such connection also the committee has given attention to the potentialities of increased production outside of the 48 States themselves, giving much thought to Alaska, Canada, Latin America, and elsewhere, and to production by utilizing materials other than woodpulp, such as bagasse.

Today we are proposing to develop from the witnesses the broad picture as it now exists, and receive an indication of the factors which might bear adversely upon adequate supplies in the future. From such broad survey we shall be able to determine the extent to which further attention on specific items may be warranted just at this time. Thus we may well discharge the responsibilities placed upon us by House Resolution 105 to keep the House informed in this field.

The first witness we will have is Mr. Russell C. Flom, Assistant Administrator, Business and Defense Services Administration, Department of Commerce, Washington, D. C.

Mr. Flom, before you proceed, let me say that we are mindful of the passing of Mr. Lord, of your office, since your last appearance here.

We always welcomed his informed appearance here and regret his passing.

STATEMENTS OF RUSSELL C. FLOM, ASSISTANT ADMINISTRATOR, BUSINESS AND DEFENSE SERVICES ADMINISTRATION; AND W. LEROY NEUBRECH, DEPUTY ASSISTANT DIRECTOR, PULP, PAPER, AND PAPERBOARD, FOREST PRODUCTS DIVISION, DEPARTMENT OF COMMERCE

Mr. FLOM. We appreciate your comments, Mr. Chairman. We are all aware of the very fine work Mr. Lord did for us.

Before proceeding, I would like to call attention to the material you have been given, which includes a copy of our prepared statement that you might follow and a copy of the tables we have had photostated; and in addition, a copy of the quarterly Pulp, Paper and Board Industry Report, which is due for release tomorrow, and which is accompanied by a press release also due for release tomorrow, which rather coincidentally points at the newsprint side of the situation, although it was actually prepared before we happened to know about this hearing. We thought it would be of interest to you to have the advance copy of that material in front of you.

With those preliminary comments, Mr. Chairman, I would like to proceed with our prepared statement.

Mr. Chairman and members of the committee, we are pleased to meet with this committee today to present, on behalf of the Department of Commerce, a brief report on the current and near future newsprint situation.

Members of the staff of our Forest Products Division, namely, Mr. F. C. Talbot, Jr., Mr. Joel B. Ware, and Mr. W. LeRoy Neubrech, are here to assist in answering any specific questions the committee may have.

The Forest Products Division of Business and Defense Services Administration has prepared for your committee several statistical tables on newsprint covering capacity, production, imports, exports, inventories, consumption, prices, and wage rates. Because of limitation in time to prepare for this hearing, we were able only to have these tables photostated, and we have available 10 sets for your use.

According to reliable data and information, newsprint supply and demand in the United States are currently in good balance, and it appears that this situation will prevail through 1955 and 1956. With the increase in world capacity and production, it also appears that world supply will be in reasonable balance with demand in the immediate foreseeable future.

In 1946, annual United States newsprint capacity was at its lowest level in the past 50 years, amounting to 837,000 tons. Since then, there has been a substantial expansion of capacity to produce newsprint in the United States. Starting in 1950, accelerated amortization has been granted to facilities to produce 566,000 tons. That is on an annual basis.

If all planned and projected plant capacity expansion materializes as now scheduled, this expanded capacity should be in operation (with possible exception of Alaska) by late 1956. By that time United States capacity should total about 1,760,000 tons, which is

more than twice the capacity existing 9 years previous. Assuming the completion of the mill recently announced by International Paper Co., at Mobile, Ala., and adding expected increases in other mills through speedups and modernization, the capacity at the end of 1957 should be about 1,885,000 tons.

Of particular interest to your committee is the fact that in the last few years a larger part of our increased domestic needs is being met and will be met in the future from domestic production. For example, in 1949, United States production amounted to 917,778 tons or about 16½ percent of United States total supply; in 1954 production totaled 1,191,760 tons, which accounted for nearly 20 percent of total supply.

In future years additional new newsprint capacity could readily be built in the United States or Alaska. For example, the plan of the International Paper Co., as mentioned above, to build a new mill with an announced capacity of 100,000 tons a year, is a definite indication that new capacity will be built when and if economic conditions justify. Also indicative was the announcement of Dierk's Forests, Inc., on February 23, this year, that their plan to construct a new fifty to sixty thousand ton newsprint mill in Arkansas or Oklahoma has been postponed. According to a company spokesman, "difficulty in obtaining direct commitments for newsprint, as well as other important factors," were the deciding considerations in making this decision.

The announcement of Dierk's Forests, Inc., would seem to indicate that for the time being at least newspaper publishers in the Southern States are reasonably well supplied from the existing mills located in the South, and which, of course, will be supplemented by a fifth mill announced recently.

The comparatively new and improved techniques for the pulping of hardwoods has added a tremendous additional supply of timber raw material available for future use in the United States. Through the use of the chemi-ground-wood pulping process, or modifications of this process, a substantial percentage of the ground-wood furnished for newsprint paper can be made from a number of dense hardwood species, such as beech, birch, and maple, which are particularly abundant in the Northeastern region down through New York and Pennsylvania. Also, in the Lake States area, as well as throughout much of the Southern region, there are a variety of hardwoods such as cottonwood or poplar, gum, oak, maple, and so forth. For many of the Southern hardwood species the semichemical process is especially adaptable and perhaps in the future it might be possible to utilize some semichemical pulp as part of the newsprint furnish.

It is evident from available statistics that the use of hardwoods in the manufacture of pulp and paper in the United States is growing rapidly. To illustrate, in 1954 our domestic mills consumed 4,801,000 cords of hardwood pulpwood, which amounted to 16.3 percent of total pulpwood consumption, whereas in 1949 our mills used only 2,615,000 cords of hardwood pulpwood, being only 13.1 percent of total pulpwood consumption. These figures disclose that we are now using 2,200,000 more cords of hardwoods than 5 years ago.

On the Pacific coast there is a large increment in second-growth timber which, along with existing virgin timber and the utilization of wood waste from sawmills and logging operations, will make it possible to further materially increase capacity for the manufacture

of pulp and paper on the west coast. For that matter, throughout the country, the pulp, paper, and paperboard industries' "tree farms" and forestry programs are materially increasing pulpwood timber resources for the future. The industry now owns about 30 million acres of timberlands which are being maintained under good forestry management. This program is being extended each year.

In Alaska, in the area of the Tongass National Forests, there is at present a large new pulp mill which started operations in 1954 at Ketchikan, while the Georgia-Pacific Plywood Corp. already has plans under way for the construction of a newsprint mill at Juneau. We understand that the United States Forest Service will present to your committee a statement on Alaskan timber resources.

Over a period of years United States newsprint consumption has been growing at approximately 2 percent a year. During 1952, 1953, and 1954 United States newsprint consumption was relatively constant. This may be explained in part by the fact that during the past 3 years the majority of the large newspaper publishers in this country have narrowed their column widths.

For 1955, most Government and private economists now expect business activity to increase over the previous year. On this basis it is estimated that newsprint consumption will resume its normal long term upward trend averaging about two percent a year. If this proves to be the case then it is estimated that United States newsprint consumption in 1955 will increase about 125,000 tons over 1954. Expected expansion in United States newsprint capacity during 1955 substantially exceeds this estimate in increased newspint consumption.

In this connection it might be pointed out that for the most part Canadian paper mills operate only on a 6-day week. Substantial additional output could be gained by operating 7 days a week. Recently it was announced in the press that the Canadian industry was seeking authorization to operate a full 7-day week, which in itself would add greatly to production in North America.

In our opinion, in the United States domestic timber resources will continue to be the principal source of raw material for the manufacture of newsprint paper for many years to come. It is possible to make paper that can be used for the printing of newspapers from other fibrous materials such as waste paper and bagasse.

In the United States we have been using in recent years around 8 to 9 million tons of all kinds of wastepaper, largely for the production of many grades of paperboard and for certain grades of printing papers except newsprint. For these products wastepaper is normally supplemented with varying percentages of virgin woodpulp. While it is technically possible to produce newsprint from deinked old newspapers, it is apparent that this is not yet commercially feasible, since to the best of our knowledge there is no mill making newsprint from old newspapers at the present time.

In the case of bagasse there are a number of mills throughout the world, particularly in Central and South America which are using bagasse in the production of paper, including newsprint. In some of these countries there is a lack of suitable forest resources for the manufacture of newsprint and at the same time economic conditions make it feasible to operate mills using bagasse. In this country there is one large company utilizing bagasse in the manufacture of fiber

building board. One new mill in the South was constructed to pulp bagasse and to produce newsprint paper from bagasse pulp, and is now producing some newsprint.

With regard to the foreign trade of the United States in newsprint, it is particularly noteworthy that total United States imports of newsprint have declined slightly from the high point of 5,033,000 tons in 1952 receding to 5,004,000 in 1953 and 4,992,000 in 1954. United States newsprint consumption in this period remained relatively steady, increasing from 5,940,000 tons in 1952 to 6,082,000 tons in 1954.

Of total imports of newsprint paper in 1954, Canada supplied 4,864,000 tons while Finland, Sweden, and other European countries supplied about 128,000 tons. Imports from overseas have declined moderately in the last several years. We anticipate that imports of newsprint from Canada will continue on an upward level, but at the same time may account for a smaller percentage of total United States consumption in the years ahead because of the growth in capacity and production in the United States.

Partly as the result of increased domestic facilities for the manufacture of newsprint, United States exports of newsprint paper in the last several years have likewise increased materially. For example, in the years 1946 through 1950 our exports ranged from 28,000 up to 44,000 tons per year. In 1954, exports totaled 140,000 tons, going to practically every geographic area of the world. The largest tonnage exports, however, went to South America, Europe, and the Philippines.

In summary, our studies, based upon facts and reliable information indicate that newsprint production capacity in the United States and elsewhere in the world is increasing at a steady rate. On the basis of our estimates, it would appear that, for at least the next year or two ahead, supply and demand should be in reasonable balance.

Mr. Chairman, that completes our prepared statement, and I might inject at this point, that in the relatively short time we had to do so, we have tried to put together in this prepared statement some of the facts and some of the information we felt you and your committee would like to know.

Quite obviously, we could not be successful in anticipating more than a portion of the things you might like to know and to the extent that the information is available to us, and our staff can develop it, we would be glad to get any additional facts and information that you would like to have from us.

Mr. KLEIN. I have to go out for a few minutes. I have a long-distance telephone call. I will ask Mr. Friedel to preside. There may be some questions from some of the members of the committee. I will have some questions myself.

Mr. FRIEDEL. Are there any questions?

Mr. FLOM. If you have any questions, we will be glad to try to answer them from among our staff here of the Forest Products Division.

Mr. BEAMER. Mr. Chairman.

Mr. FRIEDEL. Mr. Beamer.

Mr. BEAMER. One thing that comes to our attention, of course, was from the latter part of your report which indicates for instance last year that approximately 5 million tons was imported. Is that correct?

Mr. FLOM. That is correct.

Mr. BEAMER. And on the next page you used 6 million.

Mr. FLOM. Yes, sir.

Mr. BEAMER. Is it true that we are importing five-sixths of the total amount consumed?

Mr. FLOM. That is approximately right.

Mr. BEAMER. Then, it is indicated that we are exporting a small amount, 140,000 tons?

Mr. FLOM. That is right.

Mr. BEAMER. What is going to happen if that source of supply is cut off by an emergency?

Mr. FLOM. You mean the importing source of supplies?

Mr. BEAMER. Yes, suppose there is such an emergency. We do not anticipate it.

Mr. FLOM. That, of course, presumes that the Canadian source would be cut off, because virtually all of that imported tonnage comes from Canada. The presumption that we make, and we encounter in various quarters, is that for an emergency, any mobilization planning, that Canada is looked upon as a part of the continental resources, and not as a foreign source of supply in this sense.

Mr. BEAMER. In other words, the Canadian source of supply is the same as the native sources?

Mr. FLOM. Yes. We think of it as a part of the continental source of supply, sir, and therefore, available under most any emergency.

Mr. BEAMER. What I am trying to get at is: I am wondering whether or not there has been much done to encourage the development of bagasse or any other substitute for woodpulp?

Mr. FLOM. I think there has been considerable activity in that direction. Some of the people from Agriculture may be able to enlarge on that later.

The interesting thing is that for the first time now we have an actual commercial bagasse mill in operation. Now there is an opportunity to establish the economics and the feasibility of such an operation.

Now, the practicality of it is being tested and may be proved.

Mr. BEAMER. Some of the members of this committee had an opportunity of visiting some bagasse plants, particularly one in Peru, South America, which seemed to be a successful and economical development, but there is a question of cost that seems to enter into it. They have much lower salaries and wage scales than we have in this country.

Do you think that is one of the deterrent factors in the development of the bagasse industry in this country?

Mr. FLOM. I would think it is certainly a factor, sir.

Mr. BEAMER. It seems unfortunate that we should have all of this waste, or that which otherwise seems to be wasted and could be converted so easily.

We have a plant, for instance, in our own community that manufacturers acoustical tile and various wallboards of the same material you use in making newsprint and other forms of paper. I often have wondered why it was not more successful or more economical possibly, a more economical venture.

Mr. FLOM. Well, I think that there are a number of factors involved and I would not want to undertake to get into a technical discussion of the subject, but the availability of bagasse raw material to which

you refer, in relation to the availability of timber resources, is smaller and much more limited. Much of your bagasse is now used as a fuel in mills that are producing sugar, and has apparently a value there.

Mr. BEAMER. It is not completely wasted then?

Mr. FLOM. No, sir. And, the remainder that is waste, I believe, in relation to the total timber resources available, is small.

Mr. BEAMER. Well, then I gather that it is not of too great concern.

Is there any great concern expressed over the shortage of newsprint at the present time; do there seem to be ample supplies?

Mr. FLOM. That is correct, the supply appears to be ample.

Mr. BEAMER. At reasonable prices, would you say?

Mr. FLOM. I would say so.

Mr. KLEIN. Do you have any questions, Mr. Schenck?

Mr. SCHENCK. Mr. Chairman.

Mr. KLEIN. Mr. Schenck.

Mr. SCHENCK. Mr. Flom, I would like to know what difference in price do we have to pay for the newsprint from Canada and that domestically produced. What is the advantage?

Mr. FLOM. What is the difference in price?

Mr. SCHENCK. Yes.

Mr. FLOM. My impression is that the price on newsprint is similar, whether it comes in from Canada or is produced in this country.

Mr. SCHENCK. About the same?

Mr. FLOM. About the same.

Mr. KLEIN. I have a few questions I would like to clear up so that we can get them into the record.

You have indicated that the United States demand will be about 125,000 tons in 1955 over 1954 and that new capacity will be available to meet this.

Do you have any estimate as to how much the additional demand by the rest of the world will be, especially Great Britain, where the supply I understand is limited and the demand is increasing?

Mr. FLOM. Mr. Neubrech, I believe can give the figures from the sources we have here. I would like him to answer that.

Mr. NEUBRECH. We, ourselves, have not made an estimate of world demand, but the Canadian industry in a report they issued on newsprint data for the year 1955, estimated world demand at 12,114,000 tons; indicated world probable production at 12,283,000. They also indicated a capacity of 12,796,000. So that therefore, for 1955, it would appear from these data that there is capacity, or potential production, to meet world requirements.

Mr. KLEIN. And, Mr. Flom, would you prepare a statement for the record listing the plants making up the increase in United States tonnage from 1950 to, I think you said 1,885,000 tons, by 1957.

Mr. FLOM. We will be happy to prepare that and submit it to you.

Mr. KLEIN. And the date when the plants will come into operation?

Mr. FLOM. Or when they did, since some of them are already in operation.

Mr. KLEIN. Yes. Can you also tell us what effect on availability of chemical pulp for newsprint is continued to be exerted by the rayon industry? Is rayon still going so far that manufacturers of chemical pulp prefer to sell for use for rayon rather than newsprint?

Mr. FLOM. Mr. Chairman, I would not want to pose as an expert on the rayon industry; but my understanding is that during the past

year or 2 years, the rayon industry has been in a downward trend and the use of pulp by the rayon industry has been off, with the result that some mills designed and built to produce pulp for the rayon industry have diverted some of their production into paper fields. Consequently, the trend I would say, so far as the effect of the rayon industry is concerned, in recent years, has been to make more pulp available for paper and paperboard, rather than less.

Mr. Neubrech has some figures that might add to your information on that point.

Mr. NEUBRECH. To confirm Mr. Flom's statement: In 1954, consumption of woodpulp by rayon plants and other nonpaper plants totaled 762,000 tons, against 799,000 tons in 1953, or a decline of 4.6 percent.

Mr. KLEIN. But obviously if that trend should be reversed, then it would take away some of the material that is now going into the manufacture of newsprint.

Mr. FLOM. I think it would take away some of the surplus pulp that has been used by paper.

Mr. KLEIN. You cannot count on that, because that industry changes.

Mr. FLOM. That is correct.

Mr. KLEIN. And, if there is a change that would affect it.

Mr. FLOM. Yes.

Mr. KLEIN. Now, you have mentioned something in your statement—and I have a little knowledge of it, the fact that the papers are using narrower margins and narrower paper is now being used in printing newspapers.

Can you tell the extent to which the narrower rolls have been adopted everywhere, so that there will not be continuing effect on production of this practice?

Mr. FLOM. I do not think we could give you that information now. We might be able to develop it for you, sir. I would like to get that information. It has been quite general in your larger newspapers.

Mr. KLEIN. Do you have any idea as to how much paper has been saved by that practice?

Mr. FLOM. No.

Mr. KLEIN. Just generally?

Mr. FLOM. No; I could not even make an estimate.

I might add that the saving of paper is partly a myth, because the paper machine is so wide, and you have to run out to the trim of the machine. The narrowing of the roll has reduced the consumption by newspaper publishers, but it has not saved the tonnage or made more tonnage available from the producers of newsprint, because of that trim problem.

Mr. KLEIN. Well then, they do use, what you call scrap?

Mr. FLOM. They reuse it for pulp purposes, and sometimes as side runs, if it is of sufficient width for other uses.

Mr. KLEIN. Now, can you tell the extent to which the Canadian mills speedup or bottleneck change will enable continuance of 3 percent annual capacity increase?

Mr. FLOM. Would you repeat that, sir? I am not sure I understood it.

Mr. KLEIN. The extent to which Canadian mills speedup or bottleneck changes will enable continuance of 3 percent annual capacity

increase—I think your statement said that there was an annual increase of 3 percent in Canadian production.

Mr. FLOM. We did not cover the estimated annual increase in Canada, but we do have some facts here on Canadian capacity increase that might be of some assistance in getting at the facts that that question is pointed at, and I will read a couple of comments pertaining to it and then give the figures.

During the last decade only one new newsprint mill has been built in Canada and that is the Elk Falls Co. at Duncan Bay, British Columbia, with an annual capacity of 100,000 tons.

However, Canadian newsprint capacity has increased well over 100,000 tons annually over the same period through the speedup of existing machines and modernization and additions of new machines at existing mills.

Mr. KLEIN. And I think you also said they were expecting to go on a 7-day-a-week basis?

Mr. FLOM. They have asked for authority to do so.

These capacity figures are all figured on a 6-day basis, incidentally, but according to the industry source from Canada, new Canadian newsprint capacity through 1957 is expected to be about a half a million tons. It is made up as follows:

In 1955 an estimated 145,000 tons through machine improvements, speedups, et cetera;

In 1956 an increase of about 160,000 tons, for the same reason;

In 1957, 125,000 tons also through machine improvements and speedups, plus 80,000 tons represented by a new machine of the Ontario-Minnesota Pulp & Paper Co., at Kenora, Ontario, and 35,000 tons, represented by a new machine at McMillan & Bloedel, Ltd., Port Alberni, British Columbia—this latter mill not having previously produced newsprint.

That does not contemplate the gain that would come if they went to the 7-day operations.

Mr. KLEIN. What is the further source of increased supply, particularly in case of an emergency? Would Canadian mills have enough dissolving and ground pulp facilities to support a 7-day week running of their paper machines?

Mr. FLOM. I cannot answer that, sir. My guess would be that they would have, but I am not sufficiently familiar with it.

Mr. KLEIN. You would agree, would you not, that that might be an important consideration for us to take into account, as to what the world picture might be? I am not asking you to give it now. If you cannot give it to us now, perhaps you can give it to us from some other source.

Mr. FLOM. I think we can get the information.

I believe during the emergency of World War II, the Canadian mills did run 7 days a week and were able to supply sufficient pulp to meet the needs.

Mr. KLEIN. I was just going to say it seems to me that if they want to go onto that basis, they must have the facilities.

Mr. FLOM. I am sure they have the facilities.

Mr. KLEIN. I would like to ask just one or two more questions, about possible price increases of Canadian supplies.

Do you think that the price will be increased or there will be an increase of some kind as a result of the drop in the Canadian dollar premium?

Mr. FLOM. I would think that particular factor would be apt to have a relieving effect to the Canadian producer rather than force him to want to increase his price.

Now, as far as the likelihood of a price increase is concerned, I would have no knowledge on that other than that for the second quarter of 1954, numerous producers of pulp have announced price increases and sometimes the increase in pulp price has an effect on the price of paper. However, that normally would apply more particularly to other paper and paperboard grades, rather than to newsprint.

Mr. KLEIN. I understand from our staff expert that that is paid for in United States dollars and not in Canadian dollars and therefore——

Mr. FLOM. That is right.

Mr. KLEIN. And therefore the difference in the premium up there might result in a higher price to our domestic users.

Mr. FLOM. It would seem to me that the narrowing of the difference in the value of the Canadian and United States dollars would result in less pressure for a price increase for that reason.

Mr. KLEIN. Just one question. Can you tell us something about the situation with regard to sulfur? Is that easing off or getting tighter?

Mr. FLOM. We have had no recent problem called to our attention on sulfur by the pulp and paper industry. Our assumption is that they have no serious worries.

Mr. KLEIN. Do any of you gentlemen have any other questions?

Mr. FRIEDEL. Mr. Chairman, I would like to ask one question. You said earlier that there was some falling off of rayon, that they were not using as much woodpulp in rayon.

Are there any other fields that they convert woodpulp into and are using it in place of rayon?

Mr. FLOM. You mean in the synthetic-fibers field?

Mr. FRIEDEL. Yes.

Mr. FLOM. Not to my knowledge; but there may be. I am not familiar with the rayon industry sufficiently to know whether there are any new fibers that have been developed that would use wood fiber or pulp as a raw material.

Mr. FRIEDEL. That is all.

Mr. BUSH. Mr. Chairman.

Mr. KLEIN. Mr. Bush.

Mr. BUSH. Mr. Flom, in your statement you say that Dierk's Forests, Inc., announced that they have decided not to go through with their plans to construct a 50,000 to 60,000-ton newsprint mill in Arkansas or Oklahoma, or their plan has been postponed, and you gave some reasons there.

Would you be able to say what the important factor is there? What other important factors were there that you referred to?

Mr. FLOM. Well, sir, we were quoting from a press release of the Dierk's Forests, Inc., and I would not presume to say what the other reasons are, because I do not know.

Mr. BUSH. They say here, of course, they have postponed it because they had difficulty in obtaining orders for newsprint.

Mr. FLOM. That is one of the expressed reasons; yes.

Mr. BUSH. As to why they wanted to construct that plant in Arkansas or Oklahoma.

Mr. FLOM. Yes.

Mr. BUSH. We are importing paper, newsprint, from Canada and, according to your statement, five-sixths of our newsprint is being imported from Canada; is that correct?

Mr. FLOM. That is correct.

Mr. BUSH. Then, we are exporting so much of that paper that we are already importing.

Now, who are we exporting that to? Why should we be exporting paper that we are importing?

Mr. FLOM. Well, that is a very complex operation and, of course, there are many things that enter into it, including the situation you are talking about, the location of the mill, and the location of the publishers who want the newsprint.

I would suggest that the newsprint being imported from Canada or the newsprint that may be exported to South America or the Philippines or other countries, may be made in mills where it would not be economical to deliver it to publishers in the southern part of the United States, because of the transportation costs.

Mr. BUSH. One more question. Are we making any gains through reforestation in our own country as far as being able to grow timber that would be usable for pulp; are we making gains in that direction?

Mr. FLOM. I think the people from the Forest Service might be able to deal with that more intelligently than I, although I would make this comment, that a recent study by the Stanford Research Institute dwelt on that subject at some length and did establish the fact that the timber resources for pulp seemed adequate to take care of the projected increase in the pulp requirements over the next 20 years; they dealt with that in rather great detail in that report. I am just quoting the substance of the conclusion.

That is due to 3 things, as I recall it, 1 is the improved forest management practices in this country, both private and public; 1 is the greatly increased use of waste wood from sawmills and logging operations, and the third is the improved techniques referred to in our prepared statement for the greater use of hardwood species for pulp purposes.

Mr. BUSH. I was very much interested in that statement about the use of hardwoods for preparation of newsprint, because that seems to be what we can produce pretty well in the northern section of our country.

That is all, Mr. Chairman.

Mr. KLEIN. Mr. Schenck.

Mr. SCHENCK. I would like to ask Mr. Flom some questions follow-in the questions of my colleague, Mr. Beamer.

Do we have a capacity to produce this approximately 5 million tons that are now being imported from Canada?

Mr. FLOM. Well, sir, I would not know how to answer that. Physically, the timber resources are available, because as indicated in the reference to the Stanford research report there are resources to cover very substantial increases in total production of paper and paperboard. However, that would presume, of course, a concentration of the increase in newsprint and an abnormal restriction of the increase in other pulp and paper products. That is purely an off-the-cuff answer, sir.

Mr. SCHENCK. Then, our production of newsprint is based on the production of the wood out of which we make the pulp.

Mr. FLOM. Substantially that is right; as it is with most other papers and paperboard. That is right.

Mr. SCHENCK. But not by the industrial capacity to manufacture it?

Mr. FLOM. That is correct.

Mr. SCHENCK. Is there any unemployment now in the newsprint-paper business?

Mr. FLOM. Not to my knowledge; none whatever.

Mr. SCHENCK. How do the wage scales compare here and in Canada; the wages paid to employees in the newsprint industry?

Mr. FLOM. I do not think we have figures available on the relative wages of the two countries. My offhand impression would be that there is no substantial difference in the wages of the pulp and paper millworkers between the two countries.

Mr. SCHENCK. Well, of course, the point is that if we were manufacturing more of this newsprint paper in this country, we would have higher employment and hence more income—not only for employees, but also for taxes. So, I was wondering about that.

Now, are we making any necessary progress in forest management or wood management that would probably increase our capacity in the reasonably near future?

Mr. FLOM. Well, I believe my comment a short while ago was directed at that, although I would think the people from the Forest Service might talk much more intelligently to you about that than I can.

Mr. SCHENCK. Well, according to your figures, there were 6,082,000 tons used in the United States in 1954, of which 4,992,000 were imported, which means we produced about 1,100,000 tons. To that would be added the 140,000 tons that we exported, which we would not have imported.

The whole basis that I had in mind was whether or not we were using our capacity and, therefore, providing the greatest possible amount of employment and use of our natural resources, and United States capacity. That is the whole basis of the question.

Mr. FLOM. I do not know that I can enlarge on what has been said on that subject.

Normal economic factors, of course, influence such things as imports and exports and unless there are artificial controls we probably always will have a certain amount of both.

Mr. SCHENCK. Of course, if we are importing five-sixths of our requirements.

Mr. FLOM. I beg your pardon.

Mr. SCHENCK. If we are importing five-sixths of our requirements.

Mr. FLOM. I did not understand you. I thought that you said 5.6 million.

Mr. SCHENCK. If we are importing that much then we are pretty much at the mercy of that kind of supply and if for any reason that supply is cut off, we are in bad shape, are we not?

Mr. FLOM. If you assume that supply potentially could be cut off, you certainly are.

Mr. SCHENCK. And we would not have that capacity.

Mr. FLOM. It would not be there.

Mr. SCHENCK. And in the case of any catastrophe, we would be in bad shape.

Mr. FLOM. Yes, sir.

Mr. SCHENCK. The catastrophe I am talking about is not only economic, but otherwise.

Mr. FLOM. Probably any such catastrophe, if it were to such an extent, would put us in much the same situation here.

Mr. SCHENCK. That is all.

Mr. FLOM. Mr. Neubrech might add something.

Mr. KLEIN. Might I state that you will have an opportuntiy, Mr. Flom, to go over your testimony here and if there is anything that you want to add that might clarify the answers that you have previously made or in answer to any questions which have come up, it will be all right for you to do so at that time.

Mr. FLOM. Thank you.

Mr. KLEIN. I assume that the other witnesses from your Department will probably not need to be heard?

Mr. FLOM. They were here to help answer any questions that. might arise. They have no statements which they wish to make, Mr Chairman.

Mr. KLEIN. Thank you.

Mr. FLOM. Thank you, Mr. Chairman.

(The papers submitted by Mr. Flom are as follows:)

[Department of Commerce release March 16, 1955]

REVIEW CITES INCREASED NEWSPRINT PAPER OUTPUT

United States production of newsprint paper in 1954 totaled 1,192,000 tons largest domestic output since 1931, according to a review of the pulp, paper, and paperboard industry issued today by the Forest Products Division of the Business and Defense Services Administration, United States Department of Commerce.

This increase in the production of newsprint over the 1944 low of 721,000 tons exemplifies the steady progress of the entire pulp, paper, and board industry during recent years, and reflects as well the growing demand for paper-mill products. The growth in United States newsprint output is largely due to expansion of existing mills and the construction of new ones. There are now three large newsprint mills in the Southern States, in Texas, Alabama, and Tennessee, the latter having started production in 1954. A large newsprint mill in Maine started new facilities in 1954 through the utilization of hardwoods by the chemigroundwood process. Another new newsprint mill is currently planned by a major pulp and paper company for one of the Southern States.

United States apparent consumption of newsprint in 1954, approximating 6,082,000 tons, was only about 8,000 tons less than the record consumption of 1953. Newsprint imports, coming chiefly from Canada, totaled 4,992,000 tons in 1954, declining slightly from the 1953 total. United States exports of newsprint last year, although amounting to only 140,000 tons, were nearly three times greater than in the preceding year.

Newsprint paper inventories in the hands of publishers and domestic mills showed only a moderate downward trend from January 1, 1954, through December 31, amounting to a decline in stocks of 38,000 tons.

The review shows that the pulp, paper, and board industry of the United States was among the major industries of this country that recorded increases in physical output during 1954 over 1953. Approximately 1 million tons of new annual paper and board capacity was added to the industry's productive facilities last year, bringing total practical maximum United States capacity up to about 30 million tons. In 1953, peak year of the recent expansion program, some 1.5 million tons' capacity was added. Estimates now indicate that 1955 will bring a further expansion of around 500,000 tons.

Besides the added production capacity, the year 1954 was marked by further activity in integration of operations, either through construction of new facilities or by purchase or merger with existing ones. Consolidation of companies in a number of instances was attributed to a need for increased diversification of

grades or products, according to the review. Some evidence appeared that mass-grade producing mills sought diversification into speciality grades, produced principally for many years by nonintegrated mills.

United States production of paper and board in 1954 totaled 26.7 million tons compared with 26.5 million in 1953; 24.4 million in 1952, and 26 million in 1951. The domestic production in 1954 was supplemented by imports of 5.2 million tons. Exports from the United States amounted to 590,000 tons in 1954. The balance available for United States consumption thus amounted to 31.2 million tons, a slightly lower total than the estimated 1953 consumption of 31.4 million tons.

Wood pulp production in the United States last year amounted to 18.3 million tons, compared with 17.5 million tons in the preceding year. Imports of about 2 million tons brought the total new wood pulp supply to 20.4 million tons. Wood pulp exports amounted to only 442,000 tons. Domestic wood pulp consumption last year was 19.8 million tons, of which 19 million was used in paper and board manufacture, and 762,000 for nonpaper uses, with the remainder going into inventories.

Manufacturers' sales of pulp, paper, and board also set a new high record in 1954. Last year's sales totaled $8,738 million compared with 1953 total of $8,704 million.

Pulpwood receipts attained a new high in 1954, amounting to 28.6 million cords, or 2.6 percent more than the 1953 level. Domestic receipts of nearly 27 million cords in 1954 were 2.5 percent over 1953, and imports of 1.6 million cords represented an increase of 5 percent over 1953 imports. Pulpwood consumption in the United States last year came to 29.2 million cords, a figure 3.8 percent higher than 1953 consumption, while inventories dropped 10.3 percent.

Wood pulp production in 1954 again set a record, reaching 18,341,000 tons, a gain of 4.6 percent over 1953 production. New records in wood pulp consumption in paper and board production were established last year also, reaching 19,034,000 tons, for an increase of 1.9 percent above 1953 consumption for paper and board. Nonpaper uses of wood pulp declined 4.6 percent to 762,000 tons in 1954.

Sale copies of the quarterly Pulp, Paper, and Board Industry Report are available from room 6227, United States Department of Commerce Building, Washington 25, D. C., and from Department of Commerce field offices at 20 cents per copy. Annual subscriptions are available at the office of the Superintendent of Documents, Washington 25, D. C., at 75 cents.

[Vol. XI, No. 1, Pulp, Paper and Board Industry Report, Annual Review, March 1955, United States Department of Commerce, Business and Defense Services Administration]

PULP, PAPER, AND BOARD

Economic Review

(By W. LeRoy Neubrech, Deputy Assistant Director, Pulp, Paper, and Paperboard, Forest Products Division)

Progress of the pulp, paper, and board industry was more evident in 1954 than ever before in a peacetime era. Although for 1954 as a whole the Nation's aggregate production of goods and services declined only 2 percent below 1953, production of pulp and total paper and board not only increased over the previous year, but established a new historic record. The pulp, paper, and board industry was one of the very few major United States industries, either durable or nondurable, that recorded gains in physical output over 1953.

Approximately 1 million tons of new annual paper and board capacity was added to the industry's productive facilities in 1954, bringing total practical maximum United States capacity up to about 30 million tons by the end of last year. In 1953, the peak year of the recent expansion program, about 1.5 million tons was added to capacity. For 1955, industry estimates indicate further expansion in productive facilities of around 500,000 tons.

The margin of capacity over current levels of production in most grades is sufficient to allay concern over possible near future shortages in either a peacetime or an emergency situation. The expansions have been made in many cases for the dual purpose of possible defense needs as well as taking into account the expected growth in our industrial and business economy, which will mean a continued upward growth in demand for the products of the industry. Current productive capacity appears to be in good proportion to the present and near future anticipated domestic and foreign market requirements.

Besides adding to capacity, the year 1954 was marked by further activity in integration of operations, either through building of new facilities or by purchase

or merger with existing facilities. In a number of instances, consolidations of companies were largely for the purpose of increasing diversification of grades or products. There was some evidence of the mass-grade producing mills seeking diversification into specialty grades which have been produced for many years largely by the nonintegrated mills. The continued economic existence of many of the three-hundred-odd independent mills will depend in large measure upon modernization of plant facilities. A few splendid examples of progressive management in this direction were manifest in 1954.

One of the primary general objectives of the consolidation in operations was for the purpose of efficiencies in operation to try to counterbalance growing costs in capital investment, labor, and transportation. Being a large user of cumbersome raw materials, such as pulpwood and waste paper, much concern is evident in devising ways and means of reducing handling costs. Going way back to the growing timber, mechanization is the keyword for forestry practices, logging, utilization of waste wood through mechanical and hydraulic barking devices, new methods of handling wood in pulp mill storage yards, and many other innovations. Streamlining of pulp, paper and board mill operations, speeding up machines, new wider machines, and many other improved manufacturing techniques, including lowering costs in finishing room operations, were evident in 1954 and will continue in the years ahead. Marketing of former mill waste byproducts is gaining gradually. Rising transportation costs have meant the development of ways and means to cut down on skid or heavy boxed shipments, especially on orders for smaller quantities. Integrating facilities at one location has meant savings in labor and shipping costs of materials.

TABLE 1.—*Statistical highlights*

Item and unit	1954	1953	Percent change
Pulpwood:			
Receipts, 1,000 cords	28,597	27,867	+2.6
Consumption, do	29,201	28,141	+3.8
Inventories, do	5,058	5,639	−10.3
Wood pulp (total):			
Production, 1,000 short tons	18,341	17,537	+4.6
Imports, do	2,050	2,158	−5.0
Exports, do	442	162	+173.4
New supply [1], do	19,948	19,533	+2.1
Consumption, total, do	19,796	19,480	+6.6
Paper and board, do	19,034	18,681	+1.9
Nonpaper, do	762	799	−4.6
Inventories, do	759	738	+2.8
Pulp, paper, and board mills, do	674	655	+2.9
Nonpaper mills, do	85	83	+2.4
Market wood pulp (at paper and board mills):			
Receipts, do	2,447	2,490	−1.7
Consumption, do	2,422	2,500	−3.1
Inventories, do	395	380	+3.9
Market wood pulp (at nonpaper mills):			
Receipts, do	763	778	−1.9
Consumption, do	762	799	−4.6
Inventories, do	85	83	+2.4
Waste paper:			
Receipts, do	8,025	8,427	−4.8
Consumption, do	8,064	8,531	−5.5
Inventories, do	452	479	−5.6
Paper and board production, total, do	26,657	26,528	+.5
Paper, do	11,615	11,406	+1.8
Paperboard, do	12,047	12,275	−1.9
Wet machine, do	132	152	−13.2
Construction paper and board, do	2,863	2,695	+6.2
Wholesale paper and paper products:			
Sales, 1,000,000 dollars	2,681	2,587	+3.6
Inventories, do	249	266	−6.4

[1] New supply equals production plus imports minus exports.

Source: Prepared by the Forest Products Division, Business and Defense Services Administration, Department of Commerce, based on data from the Bureau of Census and the Office of Business Economics, Department of Commerce.

Reducing distribution costs to ultimate consumers is a factor of great importance to the mills as well as to the wholesale merchants. The merchants have also encountered the 1954 trend toward smaller orders at more frequent intervals and demands for better services, which has meant higher operating costs. Hundreds of paper merchants have remodeled their warehouses and acquired new mechanical handling facilities to cut down on overhead costs

The field of general commodity distribution, especially at retail levels, appears to be the stage setting for the next era of major change. The national growth in the super-self-service grocery and drugstores during the past decade would suggest a similar pattern in many other types of retail merchandise. The individual sanitary packaging of foods and drugs, largely in paper or paperboard, made possible the serve-yourself type of operation in groceries, drugs, and allied lines. What will a few more years mean in thousands of other items, such as men's ties, shirts, or socks; women's hose, underwear, handbags, etc.; household necessities, hardware, etc.? Should self-service retailing spread to the various items on a national basis, the per capita consumption of paper and board should rise proportionately

From a marketing point of view, more companies have been enlarging their operations to cover larger areas of sales distribution, in many cases national, and in fewer cases into selected foreign countries. Perhaps 1954 will go down in history as the first year of major interest of the industry into foreign markets, not alone for their products produced in the United States, but also the establishing of branch plants in foreign lands

United States production of paper and board in 1954 totaled 26.7 million tons compared with 26.5 million in 1953, 24.4 million in 1952, and 26 million in 1951. Supplementing United States 1954 production of 26.7 million tons of paper and board were imports of 5.2 million tons, resulting in a new supply available for distribution of 31.8 million tons. Subtracting United States exports in 1954 of 590,000 tons left a balance of 31.2 million tons, which apparently went into actual consumption during the year. Inventory levels of paper and board at mills, converters, and wholesale merchants remained relatively steady throughout 1954. Total United States apparent consumption of paper and board in 1954 was slightly under the previous year. In 1953 apparent consumption was 31.4 million tons as against approximately 30 million tons in both 1952 and 1951.

United States production of newsprint paper in 1954, totaling 1,192,000 tons, was the largest domestic output since 1931. Domestic output of newsprint paper has been rising steadily since 1946 following the low point of 1944, when only 721,000 tons were produced. There are now three large newsprint mills located in our Southern States, 1 in Texas, 1 in Alabama, and 1 in Tennessee, the latter having started production in 1954. These mills, coupled with expansion of other existing mills, have added materially to domestic production capacity. A large newsprint mill in Maine started new facilities in 1954 through the utilization of hardwoods by the chemi-ground wood process. Another large domestic pulp and paper company has announced plans to construct a new newsprint mill in one of the Southern States.

United States apparent consumption of newsprint in 1954, totaling 6,082,000 tons, was only slightly less than the indicated record consumption of 6,090,000 tons in 1953. Imports of newsprint, largely from Canada, totaled 4,992,000. recording a slight decline under 1953. United States exports of newsprint in 1954 amounted to 140,000 tons, being nearly 3 times greater than in 1953. Inventories of newspring paper in the hands of publishers and domestic mills showed only a moderate downward trend from January 1 through December 31, 1954, amounting to a decline in stocks of 38,000 tons.

Wood pulp production in tne United States in 1954 was 18.3 million tons compared with 17.5 million tons in 1953; and 16.5 million tons in both 1952 and 1951. Supplementing United States production of wood pulp in 1954 were imports of 2,050,000 tons, bringing total news supply last year to approximately 20.4 million tons. From the standpoint of distribution, exports accounted for 442,000 tons; United States consumption in paper and board manufacture absorbed 19,034,000 tons; nonpaper users accounted for 762,000 tons; and the balance into inventories.

United States consumption of total wood pulp in 1954 in paper and board plus nonpaper users, amounting to 19.8 million tons, compares with 19.5 million tons in 1953; 18 million tons in 1952; and 18.5 million tons in 1951.

The upward trend in wood-pulp consumption as a major raw material in paper and board production, influenced to an important degree by the upsurge in the new advances in hardwood pulping, including semichemical and chemi-groundwood, is indirectly disclosed by the lowered level of wastepaper consumption in

1954. Last year, total wastepaper consumption was 8,064,000 tons as compared with 8,531,000 tons in 1953; 7,881,000 tons in 1952, and 9,071,000 tons in 1951.

From the standpoint of dollar value of manufacturers sales of pulp, paper, and board and products, the industry also set a new high record in 1954. Last year sales totaled $8,738 million compared with $8,704 million in 1953, $7,979 million in 1952, and $8,477 million in 1951.

A sizable part of the movement of many grades and products of the industry move to final demand through wholesale paper merchants. In 1954 such products were valued at $2,681 million as against $2,587 million in 1953; $2,461 million in 1952, and $2,678 million in 1951.

Comparing 1954 value of sales data as related to volume of production against corresponding data for 1953, indicates that the price levels of the industry remained generally steady during the past year. This is borne out by the price indexes compiled by the Bureau of Labor Statistics which show only minor or no changes between the 1954 and 1953 price levels of wood pulp, the major grades of paper and paperboard, or in converted products. Wastepaper prices (except for books and magazines) showed moderate declines in 1954 from their 1953 levels. The average price index of all commodities (except foods) averaged 114.5 in 1954 (1947–49 equaled 100) as against 114 in 1953. Pulp, paper, and products as a group stood at 116.3 for 1954 as against 116.1 in 1953.

In the field of foreign trade, the industry continues to be a major factor. In 1954, imports (consisting largely of pulpwood, wood pulp, and newsprint) totaled $925 million, while exports of pulp, paper, board, and products amounted to $228 million.

From the standpoint of employment, the pulp, paper, board, and products manufacturing industries rank very important. In 1954, the average number of wage earners totaled 436,000 and were paid wages amounting to $1,680 million.

Production workers and wages, pulp, paper, and allied products industries

Year	Average number of wage earners (thousands)	Total dollar wages (millions)	Year	Average number of wage earners (thousands)	Total dollar wages (millions)	Year	Average number of wage earners (thousands)	Total dollar wates (millions)
1899	94	36	1939	265	310	1952	422	1,514
1909	145	68	1949	382	1,111	1953	441	1,676
1919	208	213	1950	404	1,284	1954 [1]	436	1,680
1929	233	287	1951	420	1,436			

[1] Preliminary.

Source: Prepared by the Forest Products Division, Business and Defense Services Administration based on data furnished by the Bureau of Labor Statistics, Department of Labor.

Industry Trends

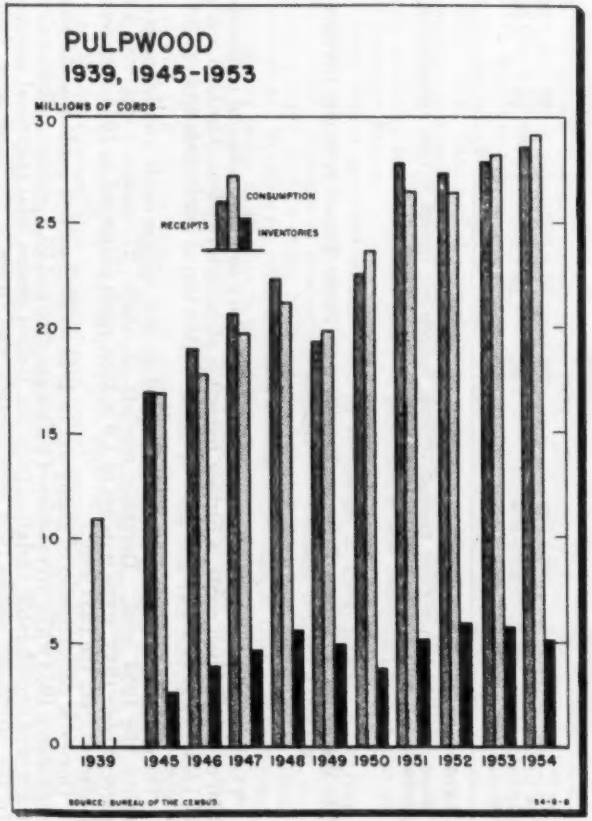
(By Wallace H. Pederson, Program Executive for Paper, Forest Products Division, BDSA)

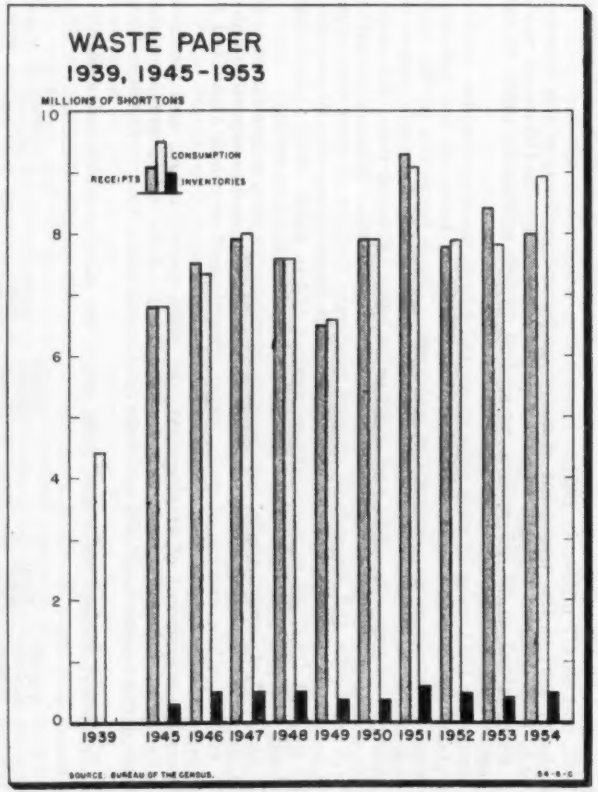
PULPWOOD

The 1954 pulpwood picture was one of satisfactory supplies, a record consumption of 29.2 million cords, a further reduction of inventories from the high levels of 1951 and 1952 and a continued increase in the use of hardwoods and sawmill waste.

The record level of receipts reached in 1954 at 28.6 million cords was 2.6 percent above the 1953 level. Domestic receipts of nearly 27 million cords was 2.5 percent over 1953, while imports of 1.6 million cords pulpwood in 1954 increased 5 percent from the 1953 level.

Domestic consumption of pulpwood in 1954 at 29.2 million cords was 3.8 percent above 1953 while inventories of pulpwood dropped 10.3 percent. Regionally, there was considerable variation from the United States total pulpwood pattern. In the Northeast region 1954 consumption was virtually the same as in 1953, while inventories declined over 300,000 cords down to 1,335,000 cords, the lowest year-end inventory, with the exception of 1950, since 1946. The receipts and consumption of pulpwood in the Appalachian region were above the 1953 level while inventories showed a decline. The increase of 155,000 cords in consumption


PULPWOOD
1939, 1945-1953
MILLIONS OF CORDS
30
25
20
15
10
5
0
CONSUMPTION
RECEIPTS
INVENTORIES
1939
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS


WASTE PAPER
1939, 1945-1953
MILLIONS OF SHORT TONS
10
8
6
4
2
0
CONSUMPTION
RECEIPTS
INVENTORIES
1939
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS

was due in large degree to the new newsprint mill which began operation in Tennessee during the year. The consumption of pulpwood in the Lake States region during 1954 was 2,957,000 cords about 80,000 cords below the 1953 rate. The consumption of 15,014,000 cords of pulpwood in the Southern region (over half of the total United States consumption) was 262,000 cords above the previous record set in 1953. The western region consumption of pulpwood in 1954 at 5,425,000 cords, showed the largest increase (741,000 cords) over the previous year. It should be noted that this increase does not represent that amount of virgin timber since a large percentage of the pulpwood consumed in the West consists of chips produced from sawmill and other wood waste.

WOOD PULP

Wood-pulp production in 1954 again set a record reaching 18,341,000 tons, an increase of 4.6 percent over 1953. All grades of pulp except unbleached sulphite showed production increases over a year ago, with bleached sulphate showing the largest (295,000 tons), and dissolving and special alpha next with a gain of 114,000 tons, due largely to several new mills that came into production during 1954. Semichemical pulp production continued to grow in importance reaching 1,126,000 tons in 1954. This represents not only an increase of 100,000 tons over 1953 production, but what is more significant the rise of 620,000 tor s since 1949.

Wood pulp consumption in paper and board production also set new records in 1954, reaching 19,034,000 tons, an increase of 1.9 percent above 1953. Nonpaper uses of wood pulp declined 4.6 percent to 762,000 tons in 1954. 1954 market wood pulp consumption by paper and board mills declined 3.1 percent (78,000 tons) indicating that integrated mills accounted for the increased paper and board production.

The most significant market pulp development in 1954 was not the decline in consumption but the shift in the source of such pulp. Receipts of market pulp from United States pulp mills rose from 1,155,000 tons in 1953 to 1,226,000 tons in 1954, an increase of 71,000 tons, while European market pulp receipts at paper and board mills declined 135,000 tons. With the increases in United States pulp production that have occurred, market pulp-consuming mills have become less dependent on overseas imports. This growing self-sufficiency on the part of the United States paper industry would be most important in times of a national emergency.

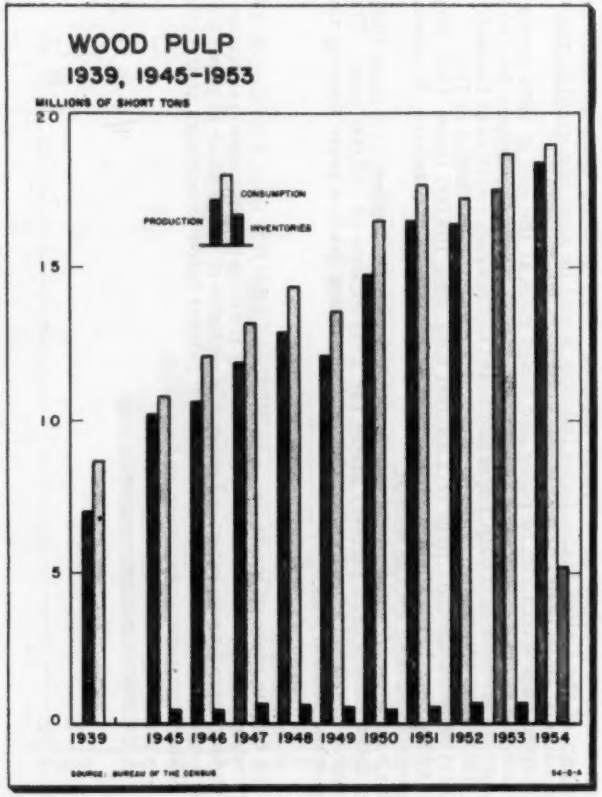
Market pulp inventories of paper and board mills at the end of 1954 showed an increase of only 15,000 tons, or 3.9 percent over year-end inventory for 1953. Total pulp inventories of pulp, paper and board and nonpaper mills as of December 31, 1954, were 759,000 tons, an increase of 2.8 percent over the end of 1953.

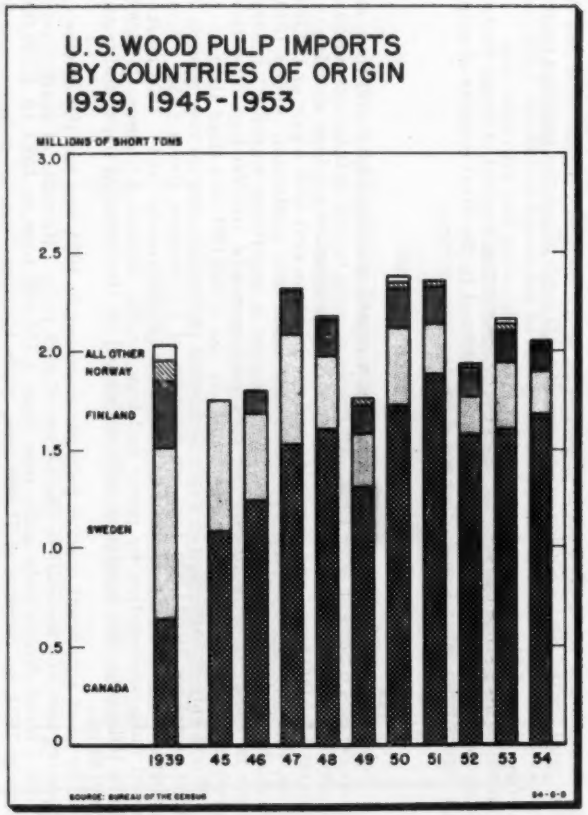
1954 imports of wood pulp of 2,050,000 tons were 108,000 below 1953 with Canadian pulp being slightly above 1953 and, as mentioned above, European imports accounting for the decline.

Exports of wood pulp in 1953 rose to 442,000 tons, the highest level since 1940, and 280,000 tons (173 percent) above the 1953 exports of 162,000 tons. The increases over 1953 were in all grades with dissolving grade exports showing the largest rise, 84,000 tons.

WASTE PAPER

The consumption of waste paper in 1954 was 8,064,000 tons, a decline of 5.5 percent from 1953, which was largely caused by the drop in paperboard production, the major user of waste paper. Year end inventories of waste paper at paper and board mills for 1954 were 452,000 tons, 5.6 percent below inventories at the end of 1953.


WOOD PULP
1939, 1945-1953
MILLIONS OF SHORT TONS
2.0
1.5
1.0
.5
0
CONSUMPTION
PRODUCTION
INVENTORIES
1939
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS


U.S. WOOD PULP IMPORTS
BY COUNTRIES OF ORIGIN
1939, 1945-1953
MILLIONS OF SHORT TONS
3.0
2.5
2.0
1.5
1.0
0.5
0
ALL OTHER
NORWAY
FINLAND
SWEDEN
CANADA
1939
45
46
47
48
49
50
51
52
53
54
SOURCE: BUREAU OF THE CENSUS

PAPER AND BOARD

Paper and board production in 1954 set a new record, with 26,657,000 tons, surging ahead of 1953, principally the result of the high activity during November and December 1954. A year ago estimates of 1954 production ranged from 5 to 10 percent below 1953, and even as late as the fall of 1954 production was expected to be 1 to 3 percent below 1953.

Paper production, including building paper, was 12,971,000 tons in 1954, an increase of 249,000 tons over 1953. This increase more than offset the decline in board production of 120,000 tons from 1953. Newsprint production rose to 1,192,000 tons in 1954, reflecting the production of a new Southern mill and increased production in the Northeast. All other grades of paper reflected increased production in 1954, except book papers whose production dropped 63,000 tons to 1,560,000 tons in 1954 and special industrial papers which declined 28,000 tons.

The decline in overall board production, including building boards, in 1954 to 13,686,000 tons from 13,806,000 tons in 1953 is attributable mainly to the drop in containerboard production to 6,432,000 tons from the 1953 record level of 6,613,000 tons. Folding boxboard and building board showed production gains in 1954 over 1953 levels, but the other grades of board, such as special food board, set-up boxboard, and miscellaneous paperboard showed declines when comparing 1954 production with 1953.

WHOLESALE TRADE

Wholesale paper merchant sales in 1954 also reached a record level being $2.7 billion, 3.6 percent above the 1953 sales. Inventories dropped 6.4 percent to $249 million, reflecting the desire of merchants to keep stock at reasonable levels consistent with their ability to obtain needed supplies from the paper mills. Commerce field offices report that wholesale merchants generally have been able to keep prices steady although there is strong competition, which has been not so much pricewise but rather in better customer service.

IMPORTS

Wood-pulp imports trends have been analyzed under the previous section on wood pulp.

Paper and paperboard imports in 1954 totaled 5,169,000 tons, a decline of 44,000 tons from the 1953 level. Newsprint accounting for all but 78,000 tons of the total paper showed a minor drop of 12,000 tons. All other grades of paper except writing paper, greaseproof and waterproof papers and tissue paper, registered small decreases in 1954 when compared with 1953. Greaseproof and waterproof paper imports in 1954 were 2,880 tons, an increase of 1,111 tons over 1953, and 2,316 tons over 1952 imports. Imports of tissue and crepe paper in 1954 were 1,751 tons, an increase of over 1,000 tons over 1953.

Paperboard imports declined 25,000 tons in 1954 when compared with 1953, with container board accounting for 11,000 tons of the drop.

Imports of paper and paperboard products were virtually the same as in 1953 with no significant shifts among the various types.

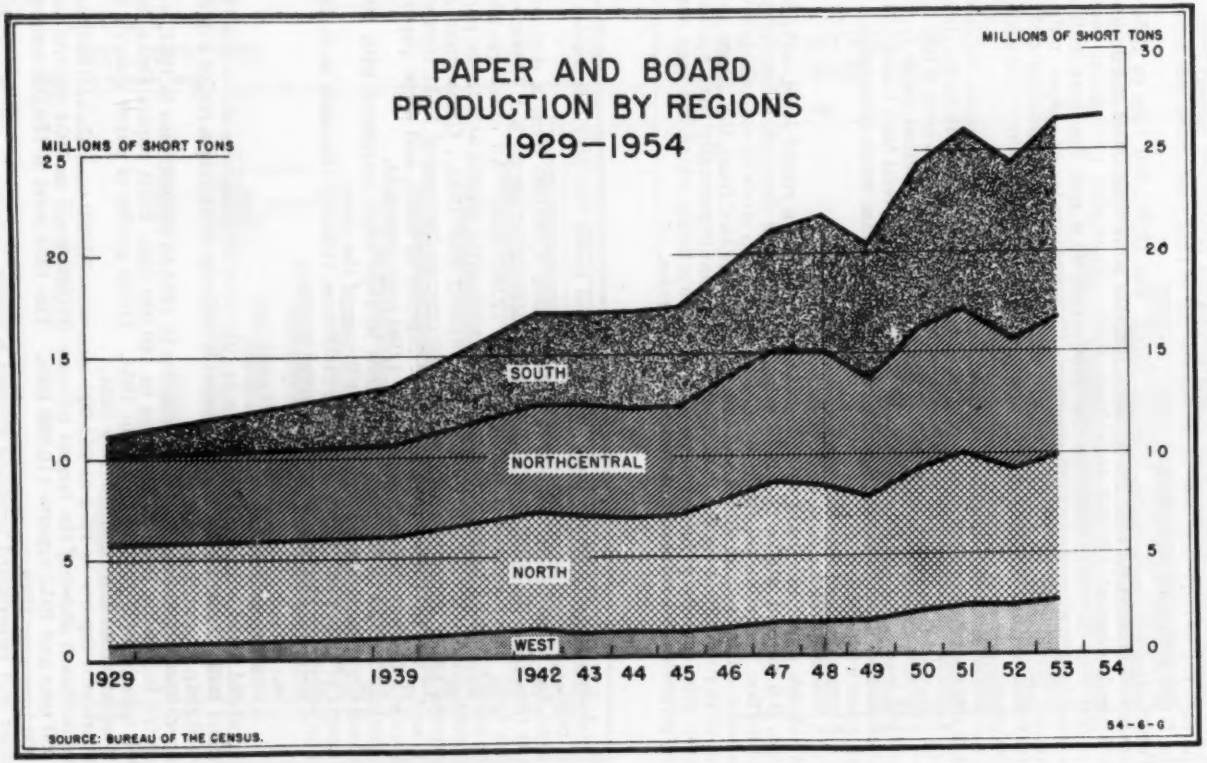
EXPORTS

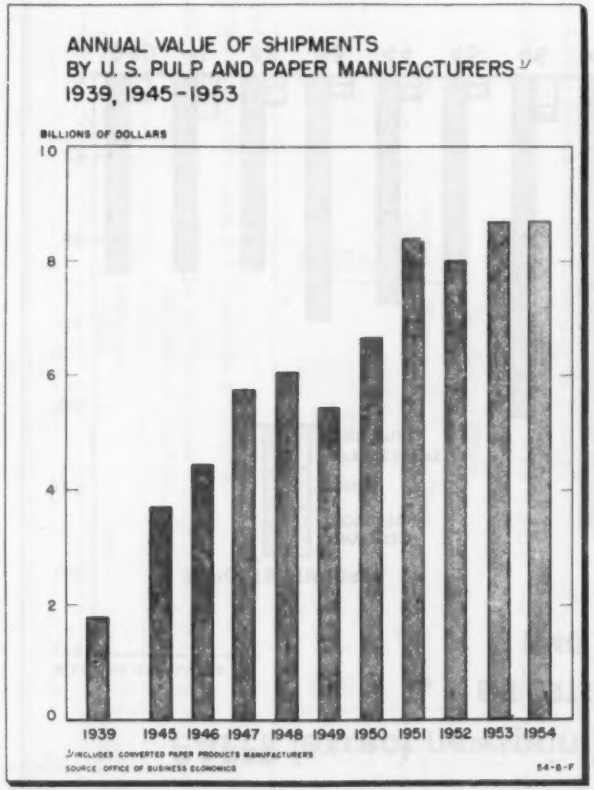
Exports of wood pulp at 442,000 tons in 1954 were 280,000 tons above the 1953 level and indicated that the United States is actively becoming a major supplier of wood pulp to world markets.

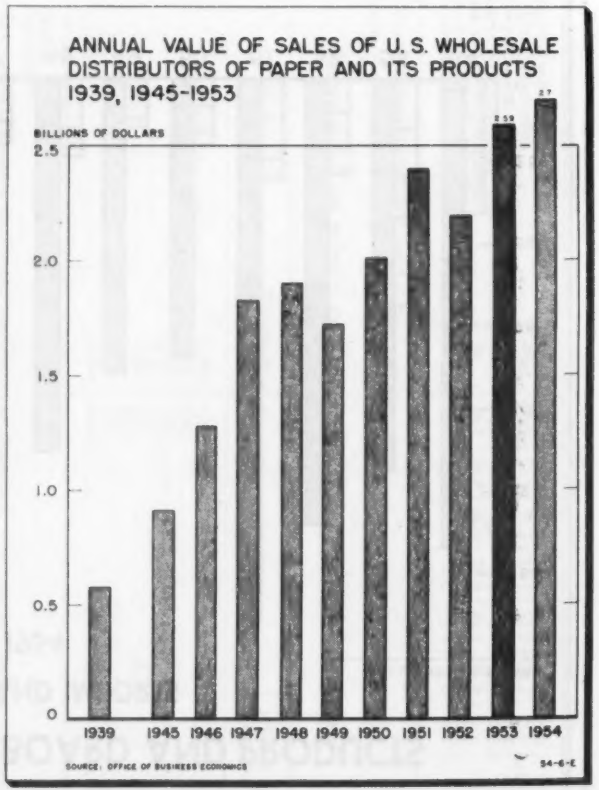
Paper exports increased from 189,000 tons in 1953 to 326,000 tons in 1954, with newsprint increasing from 47,000 tons to 140,000 tons, kraft papers rising from 26,000 tons in 1953 to 41,000 tons in 1954. Other grades of paper showed less significant increases in export during 1954.

Paperboard exports in 1954 at 264,000 tons were 70,000 tons above 1953, with container-board showing the largest increase (60,000 tons) as 1954 exports were 170,000 tons and 1953 exports 110,000 tons. The 1954 level of 170,000 tons was 120,000 tons over 1949.

Paper and paperboard products showed a minor increase in exports in 1954 when compared with 1953, with the increase of 2,600 tons being the result o minor shifts in the various items included in this group.


PAPER AND BOARD
PRODUCTION BY REGIONS
1929–1954
MILLIONS OF SHORT TONS
25
20
15
10
5
0
MILLIONS OF SHORT TONS
30
25
20
15
10
5
0
SOUTH
NORTHCENTRAL
NORTH
WEST
1929
1939
1942
43
44
45
46
47
48
49
50
51
52
53
54
SOURCE: BUREAU OF THE CENSUS.
54-6-6


ANNUAL VALUE OF SHIPMENTS
BY U. S. PULP AND PAPER MANUFACTURERS 1/
1939, 1945-1953
BILLIONS OF DOLLARS
10
8
6
4
2
0
1939
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
1/INCLUDES CONVERTED PAPER PRODUCTS MANUFACTURERS
SOURCE: OFFICE OF BUSINESS ECONOMICS
54-6-F


ANNUAL VALUE OF SALES OF U. S. WHOLESALE
DISTRIBUTORS OF PAPER AND ITS PRODUCTS
1939, 1945-1953
BILLIONS OF DOLLARS
2.5
2.0
1.5
1.0
0.5
0
2.39
2.7
1939
1945
1946
1947
1948
1949
1950
1951
1952
1953
1954
SOURCE: OFFICE OF BUSINESS ECONOMICS
54-6-E

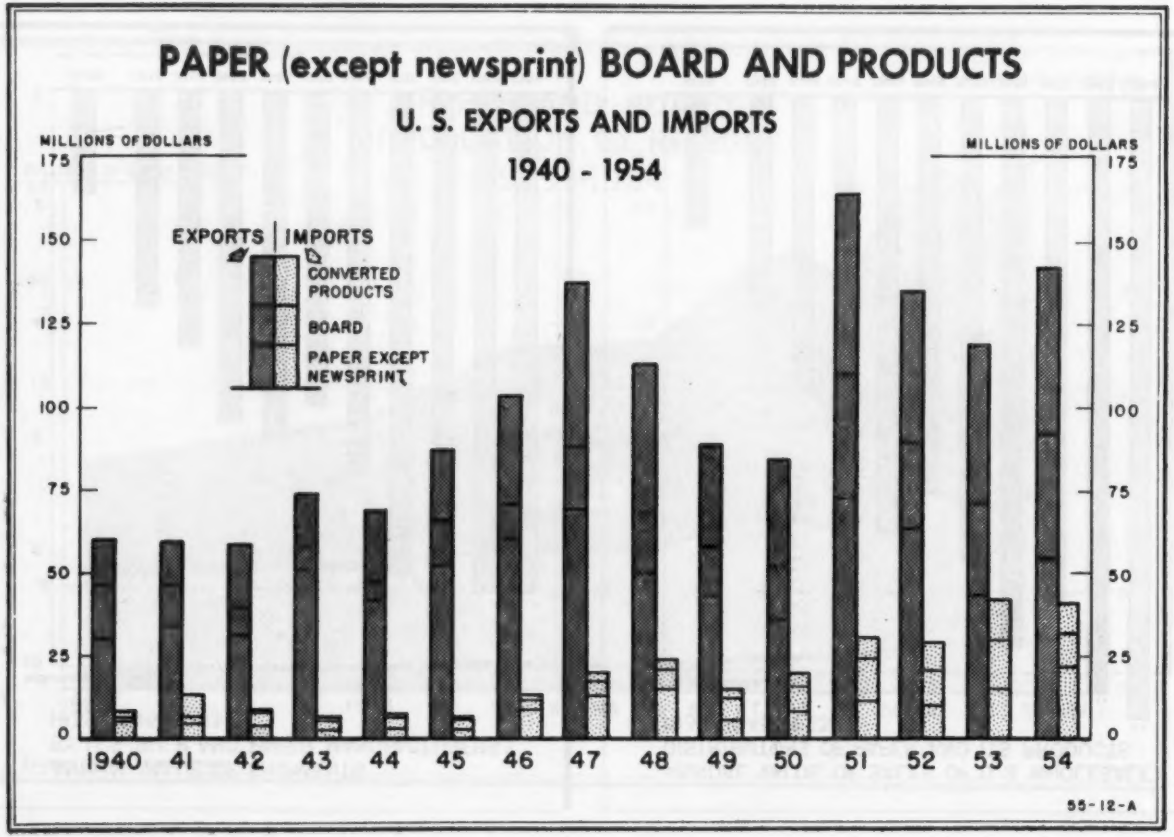

PAPER (except newsprint) BOARD AND PRODUCTS
U. S. EXPORTS AND IMPORTS
1940 - 1954
MILLIONS OF DOLLARS
MILLIONS OF DOLLARS
175
150
125
100
75
50
25
0
EXPORTS
IMPORTS
CONVERTED PRODUCTS
BOARD
PAPER EXCEPT NEWSPRINT
1940
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55-12-A

TABLE 2.—*Pulp, paper, and board highlights*

[In millions]

Item and unit	1954	1953	1952	1951	1950	1949	1948	1947
Pulpwood consumption.....cords	29.2	28.1	26.5	26.5	23.6	19.9	21.2	19.7
Woodpulp production.....tons	18.3	17.5	16.5	16.5	14.8	12.2	12.9	11.9
Woodpulp consumption [1].....do	19.0	18.7	17.3	17.7	16.5	13.6	14.4	13.3
Wastepaper consumption [1].....do	8.1	8.5	7.9	9.1	8.0	6.6	7.6	8.0
Paper and board production.....do	26.7	26.5	24.4	26.0	24.4	20.3	21.9	21.1
Woodpulp imports.....do	2.1	2.2	1.9	2.4	2.4	1.8	2.2	2.3
Newsprint imports.....do	5.0	5.0	5.0	5.0	4.9	4.6	4.4	4.0

[1] In manufacture of paper and board only.

Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 3.—*Total value of sales of the pulp, paper, board and products manufacturing industry*

Year	Millions of dollars	Year	Millions of dollars
1939	1,785	1947	5,764
1940	2,064	1948	6,060
1941	2,836	1949	5,448
1942	2,965	1950	6,976
1943	3,389	1951	8,477
1944	3,629	1952	7,979
1945	3,725	1953 [1]	8,704
1946	4,469	1954 [2]	8,738

[1] Revised.
[2] Preliminary.

Source: Office of Business Economics, Department of Commerce. The estimated dollar total of sales represents receipts of all operators of pulp, paper, paperboard and product manufacturing companies. The figures include data for both corporate and noncorporate businesses but are comparable to the sales data for corporations in Statistics of Income published by the Bureau of Internal Revenue.

TABLE 4.—*Total United States imports and exports paper base stocks, paper and manufactures*

[In millions of dollars]

Year	Imports	Exports	Year	Imports	Exports
1939	$215	$40	1950	$746	$107
1945	208	102	1951	958	231
1946	419	116	1952	925	193
1947	657	173	1953	933	153
1948	754	139	1954 [1]	925	228
1949	606	113			

[1] Preliminary.

Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 5.—*Annual value of sales of United States wholesale distributors of paper and its products, 1939–54*

Year	Millions of dollars	Year	Millions of dollars
1939	$575	1947	$1,828
1940	608	1948	1,902
1941	739	1949	1,735
1942	695	1950	2,266
1943	823	1951	2,678
1944	878	1952	2,461
1945	909	1953 [1]	2,587
1946	1,275	1954 [2]	2,681

[1] Revised.
[2] Preliminary.

Source: Office of Business Economics, Department of Commerce.

TABLE 6.—*Monthly value of sales of United States wholesale distributors of paper and its products, 1947–54*

[Millions of dollars]

Month	1954 [1]	1953	1952	1951	1950	1949	1948	1947
January	223	210	213	258	158	148	163	135
February	201	192	198	223	152	136	152	123
March	217	220	207	243	166	148	159	134
April	209	216	208	222	160	137	157	144
May	200	205	198	236	169	131	151	146
June	213	200	185	226	185	139	161	151
July	210	216	185	198	175	125	144	150
August	245	233	201	232	219	152	163	154
September	238	235	221	202	212	152	166	176
October	240	232	234	242	231	154	169	188
November	247	216	203	215	224	155	162	163
December	238	212	208	181	215	146	155	164
Total	2,681	2,587	2,461	2,678	2,266	1,723	1,902	1,828

[1] Preliminary.

Source: Office of Business Economics, U. S. Department of Commerce.

TABLE 7.—*Pulpwood: United States annual receipts, imports, consumption and inventories, 1944–54*

[1,000 standard cords—roughwood basis]

Item	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
Receipts, total	28,597	27,867	27,375	27,778	22,546	19,266	22,333	20,619	18,978	16,982	16,999
Domestic	26,973	26,319	25,065	25,128	20,712	17,619	20,026	18,542	16,932	15,253	15,349
Imported	1,624	1,548	2,310	2,650	1,834	1,647	2,307	2,077	1,996	1,729	1,650
Northeast, total	3,834	3,832	4,549	4,723	3,295	3,275	4,039	4,135	3,650	3,389	3,039
Domestic	2,739	2,807	3,250	3,137	2,235	2,366	2,666	2,970	2,508	2,311	1,976
Imported [2]	1,095	1,025	1,300	1,586	1,060	909	1,373	1,165	1,142	1,078	1,063
Appalachian, total	1,904	1,868	1,630	1,960	1,705	1,544	1,784	1,623	1,716	1,388	1,482
Domestic	1,904	1,868	1,630	1,960	1,705	1,544	1,763	1,610	1,684	1,365	1,472
Imported [2]	------	------	------	------	------	------	21	13	32	23	10
Lake States, total	2,973	2,762	3,228	3,425	2,472	2,149	3,031	2,900	2,919	2,456	2,638
Domestic	2,444	2,239	2,459	2,622	1,985	1,619	2,344	2,154	2,239	1,954	2,175
Imported	529	523	768	803	487	530	687	746	680	502	463
South, total	14,962	14,959	13,382	12,844	11,543	9,060	9,997	8,227	7,909	7,153	7,090
Domestic	14,962	14,959	13,382	12,844	11,543	9,060	9,997	8,227	7,909	7,153	7,090
West, total	4,924	4,446	4,586	4,826	3,531	3,238	3,482	3,734	2,784	2,596	2,750
Domestic	4,924	4,446	4,344	4,565	3,244	3,030	3,256	3,581	2,642	2,470	2,636
Imported [2]	------	------	241	261	287	208	226	153	142	126	114
Consumption, total	29,201	28,141	26,476	26,522	23,627	19,945	21,189	19,714	17,818	16,913	16,758
Northeast	3,829	3,848	4,047	4,280	3,704	3,397	3,814	3,740	3,466	3,245	3,159
Appalachian	1,976	1,821	1,673	1,859	1,796	1,614	1,767	1,684	1,501	1,444	1,490
Lake States	2,957	3,036	2,925	3,039	2,825	2,461	2,821	2,724	2,554	2,544	2,474
South	15,014	14,752	13,320	12,854	11,480	9,255	9,443	8,395	7,516	7,208	7,153
West	5,425	4,684	4,511	4,490	3,822	3,218	3,344	3,171	2,781	2,472	2,482
Inventories, total	5,058	5,639	5,929	5,072	3,815	4,905	5,622	4,566	3,780	2,626	2,819
Northeast	1,335	1,665	1,937	1,483	1,051	1,520	1,644	1,442	1,063	869	700
Appalachian	305	369	323	367	249	332	397	372	422	206	279
Lake States	1,411	1,418	1,693	1,380	986	1,343	1,674	1,487	1,350	986	1,068
South	1,048	1,089	856	772	753	670	828	291	526	145	218
West	959	1,098	1,120	1,070	776	1,040	1,079	974	419	420	534

[1] Preliminary.

[2] Imports to Appalachian and West regions included in Northeast to avoid disclosure of individual company data.

NOTE.—Detail may not add to totals because of rounding.

Sources: Prepared by the Forest Products Division—Business and Defense Services Administration. Data covering 1944, Forest Products Bureau, War Production Board; data covering 1945 to 1954, inclusive—Bureau of the Census, U. S. Department of Commerce.

TABLE 8.—*Wood pulp—United States annual imports and exports, 1943–54*

[1,000 short tons]

Item	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943
Imports, total	2,050	2,158	1,937	2,361	2,385	1,763	2,176	2,322	1,805	1,754	1,072	1,306
Bleached sulfite: Rayon and special chemical grades	230	256	223	231	239	154	235	249	202	146	133	129
Bleached sulfite: Other	288	332	277	349	402	331	323	288	223	242	188	231
Unbleached sulfite	339	381	432	557	529	392	675	732	618	657	399	519
Bleached sulfate	637	591	519	522	450	392	278	239	80	72	47	48
Unbleached sulfate	270	292	208	336	440	249	336	470	398	380	99	105
Soda	38	35	28	33	34	27	25	21	20	21	16	20
Chemical screenings	[2]	7	4	10	5	3	8	10	9	7	7	11
Bleached mechanical	63	65	34	18	20	1	------	------	1	1	[3]	------
Unbleached mechanical	174	194	208	300	260	208	291	309	249	222	177	236
Mechanical screenings	11	4	4	5	6	6	5	5	6	5	5	6
Exports, total	442	162	212	200	96	122	94	130	39	135	218	301
Bleached sulfite: Rayon and special chemical grades	153	69	65	31	28	25	18	11	8	13	11	23
Bleached sulfite: Other	58	18	24	44	18	20	13	44	7	17	38	45
Unbleached sulfite	51	31	35	44	33	39	54	54	17	27	46	90
Bleached sulfate	99	13	12	9	5	9	1	2	1	6	7	16
Unbleached sulfate	75	29	75	69	9	27	6	17	5	60	106	121
Soda			1	1	[3]	[3]	1	1	[3]	11	11	5
Screenings and other wood pulp	6	2	------	2	2	1	1	2	1	1	[3]	1

[1] Preliminary.
[2] Included with mechanical screenings.
[3] Less than 500 tons.

NOTE.—Detail may not add to total because of rounding.
Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 9.—*Total United States annual woodpulp imports all grades—by major countries of origin*

[1,000 short tons]

Country	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946	1945
Total	2,050	2,158	1,937	2,361	2,385	1,763	2,176	2,322	1,805	1,754
Canada [2]	1,678	1,614	1,578	1,877	1,717	1,314	1,601	1,529	1,245	1,082
Sweden	224	336	190	258	398	266	385	555	445	672
Finland	133	160	145	183	206	149	176	224	115	------
Norway	15	37	21	36	29	29	13	10	------	------
All other	------	11	3	7	35	5	2	5	------	------

[1] Preliminary.
[2] Includes Newfoundland.

NOTE.—Detail may not add to totals because of rounding.
Source: Prepared by the Forest Products Division, Business and Defense Services Administration, based upon data from the Bureau of the Census, U. S. Department of Commerce.

TABLE 10.—*Wood pulp—United States annual production and domestic consumption in paper and board manufacture*

[1,000 short tons]

Item	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
Production, total	18,341	17,537	16,473	16,524	14,849	12,207	12,872	11,946	10,607	10,167	10,108
Special alpha and dissolving	791	677	706	616	479	374	(2)	(2)	(2)	(2)	(2)
Sulphite, total [3]	2,383	2,323	2,365	2,525	2,370	2,162	2,811	2,796	2,476	2,360	2,386
Bleached [3]	1,801	1,729	1,692	1,761	1,629	1,455	1,909	1,902	1,692	1,544	1,523
Unbleached	582	594	673	764	741	707	902	894	784	816	863
Sulphate, total	9,808	9,445	8,569	8,572	7,502	5,977	6,014	5,357	4,588	4,472	4,549
Bleached	2,684	2,389	2,083	1,899	1,433	1,118	1,040	909	750	705	665
Semibleached	327	303	275	294	360	264	225	193	152	149	144
Unbleached	6,797	6,753	6,211	6,379	5,709	4,595	4,749	4,255	3,686	3,618	3,740
Soda	432	427	425	446	522	492	510	492	476	430	413
Groundwood	2,428	2,343	2,380	2,474	2,216	1,961	2,175	2,050	1,897	1,696	1,639
Defibrated, exploded, etc.	1,203	1,153	1,059	945	935	604	1,362	1,252	1,169	691	663
Semichemical	1,126	1,029	829	797	686	506				519	459
Screenings, damaged, etc.	170	140	140	150	140	130					
Consumption, total	19,034	18,681	17,286	17,737	16,509	13,636	14,375	13,252	12,092	10,825	10,502
Special alpha and dissolving	59	56	71	52	40	26	(2)	(2)	(2)	(2)	(2)
Sulphite, total [3]	2,956	3,011	2,971	3,240	3,276	2,986	3,333	3,229	3,144	2,583	2,519
Bleached [3]	2,063	2,068	1,944	2,037	2,029	1,856	1,856	1,792	1,680	1,346	1,277
Unbleached	893	943	1,027	1,203	1,247	1,161	1,477	1,437	1,465	1,237	1,242
Sulphate, total	10,426	10,278	9,136	9,310	8,381	6,678	6,663	5,860	5,141	4,680	4,588
Bleached	3,148	2,906	2,500	2,383	1,862	1,484	1,305	1,068	833	756	714
Semibleached	363	354	308	330	389	277	251	199	184	168	156
Unbleached	6,915	7,018	6,328	6,597	6,130	4,916	5,107	4,594	4,124	3,756	3,719
Soda	495	504	461	484	559	526	521	520	492	440	418
Groundwood	2,634	2,523	2,610	2,752	2,483	2,184	2,482	2,328	2,133	1,905	1,830
Defibrated, exploded, etc.	1,191	1,143	1,064	944	932	602	742	1,315	1,181	684	661
Semichemical	1,121	1,022	828	797	685	502	485			533	496
Screenings, damaged, etc.	152	144	144	159	153	131	149				

[1] Preliminary.
[2] Included in bleached sulfite for 1944–48.
[3] Includes special alpha and dissolving for 1944–48.

NOTE.—Detail may not add to totals because of rounding.
Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 11.—*Wood pulp—Year-end inventories, pulp, paper and board mills only, 1945–54*

[1,000 short tons]

Item	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946	1945
Wood pulp, total	674	655	711	611	492	512	710	710	490	555
Special alpha and dissolving	63	54	63	24	15	29	(2)	(2)	(2)	(2)
Sulfite, total [3]	215	228	256	239	193	238	370	360	232	290
Bleached [3]	124	115	120	112	86	100	157	163	107	127
Unbleached	91	113	136	127	107	138	213	206	125	173
Sulfate, total	305	288	298	231	197	147	226	244	176	179
Bleached	190	178	166	114	108	69	67	65	36	39
Semibleached	16	15	11	8	5	5	7	7	4	6
Unbleached	99	95	121	110	84	73	152	171	135	135
Soda	16	17	16	16	11	15	24	22	17	12
Groundwood	53	53	63	85	70	65	74	63	56	53
Miscellaneous	22	15	15	17	7	17	16	13	9	12

[1] Preliminary.
[2] Included in bleached sulfite for 1945–48.
[3] Includes special alpha and dissolving for 1945–48.

Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 12.—*Wood pulp in other than paper and board manufacture, 1951–54*

[1,000 short tons]

	1954 [1]	1953	1952	1951
Receipts, total	763	778	783	730
Special alpha and dissolving	663	690	705	(2)
All other	100	88	78	(2)
Domestic, total	519	544	560	488
Special alpha and dissolving	451	485	502	(2)
All other	68	59	58	(2)
Imports from Canada, [3] total	244	227	223	242
Special alpha and dissolving	212	202	203	(2)
All other	31	25	20	(2)
Consumption, total	762	799	755	714
Special alpha and dissolving	661	713	676	(2)
All other	101	86	79	(2)
Inventories, year-end, total	85	83	106	78
Special alpha and dissolving	78	77	101	72
All other	7	6	5	6

[1] Preliminary.
[2] Not available.
[3] Includes a small quantity from overseas.

Source: Bureau of the Census, Department of Commerce.

TABLE 13.—*Market wood pulp* [1]*—paper and paperboard mills only—annual receipts, consumption, and inventories, 1947–54*

[1,000 short tons]

Item	1954	1953	1952	1951	1950	1949	1948	1947
WOOD PULP, TOTAL ALL GRADES								
Receipts, total	2,447	2,490	2,276	2,819	2,916	2,152	2,571	2,709
Domestic	1,226	1,155	1,120	1,297	1,213	938	1,070	1,189
Imported	1,221	1,335	1,156	1,522	1,703	1,214	1,511	1,520
Canada and Newfoundland	840	819	846	1,054	976	707	917	784
European	381	516	310	468	727	507	594	736
Consumption (purchased pulp) total	2,422	2,500	2,252	2,742	2,902	2,325	2,586	2,511
Inventories (purchased pulp) total	395	380	404	395	332	342	519	532
Domestic shipments, total [2]	1,145	1,087	1,059	1,254	1,147	905	1,024	1,041
SULFITE, ALL GRADES								
Receipts, total	1,035	1,107	1,139	1,398	1,466	1,209	1,474	1,554
Domestic	534	563	595	702	672	588	649	722
Imported	501	544	544	696	794	621	825	832
Canada and Newfoundland	365	336	402	498	480	370	525	492
European	136	208	142	198	314	251	300	340
Consumption, total	1,039	1,147	1,112	1,362	1,484	1,313	1,455	1,432
Inventories, total	169	179	213	202	163	194	297	283
Domestic shipments [2]	479	489	563	720	655	576	642	655
SULPHATE, ALL GRADES								
Receipts, total	1,065	1,029	775	947	1,003	614	714	780
Domestic	508	445	351	398	325	187	200	260
Imported	557	584	424	549	678	427	514	520
Canada and Newfoundland	353	333	281	318	301	208	236	154
European	204	251	143	231	377	219	278	366
Consumption, total	1,046	1,003	769	919	973	666	720	730
Inventories, total	180	164	140	141	120	102	158	188
Domestic shipments [2]	535	438	339	362	291	181	199	200
GROUNDWOOD AND OTHER GRADES								
Receipts, total	347	354	361	474	445	r329	383	375
Domestic	184	147	173	197	216	163	211	207
Imported	163	207	188	277	229	166	172	168
Canada and Newfoundland	122	150	163	238	187	129	156	138
European	41	57	25	39	42	37	16	30
Consumption, total	337	350	373	461	442	346	411	349
Inventories, total	46	37	51	52	49	46	64	61
Domestic shipments [2]	131	100	156	172	201	148	183	186

[1] Market pulp consists of domestic or imported pulp purchased from a mill not under the same ownership control as the purchaser.

[2] Shipments by domestic pulp mills to domestic paper and paperboard mills. The difference between shipments and receipts may be explained in part by "in transit" pulp and probable incomplete reports on domestic shipments.

TABLE 14.—*Waste fibrous materials—United States annual receipts, consumption, and inventories, 1944–54*

[1,000 short tons]

Item	1954[1]	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944[2]
Receipts, total	9,200	9,769	9,045	10,715	9,399	7,759	9,120	9,434	8,895	8,194	8,359
Waste paper	8,025	8,427	7,815	9,252	7,964	6,522	7,605	7,875	7,487	6,824	6,937
Rags	308	320	318	396	440	378	407	445	427	392	431
Other	867	1,022	912	1,067	995	859	1,108	1,114	981	978	991
Consumption, total	9,276	9,785	9,092	10,528	9,395	7,815	9,036	9,535	8,661	8,143	8,244
Waste paper	8,064	8,531	7,881	9,071	7,956	6,600	7,584	8,009	7,278	6,800	6,859
Rags	317	325	325	389	442	382	416	462	403	414	428
Other	895	929	886	1,068	997	833	1,036	1,064	980	929	957
Inventories, total	1,023	1,082	1,095	1,163	966	998	1,129	1,087	1,078	840	837
Waste paper	452	479	522	589	387	397	517	521	515	327	315
Rags	40	49	54	61	54	56	58	67	77	53	79
Other	531	554	519	513	525	545	554	499	486	460	443

[1] Preliminary.
[2] 1944 receipts and inventories were reported by a few mills other than paper and paperboard mills. Data for the remaining years are for paper and paperboard mills only.

Source: Bureau of the Census, U. S. Department of Commerce, and Forest Products Bureau, War Production Board.

TABLE 15.—*Paper and paperboard—United States production, 1944–54*

[1,000 short tons]

Type of product	[1] 1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
All types	26,657	26,528	24,423	26,048	24,375	20,316	21,897	21,114	19,278	17,371	17,183
Paper, total	12,971	12,722	12,197	13,011	12,064	10,349	11,119	10,705	9,788	8,457	8,220
Newsprint	1,192	1,069	1,109	1,108	1,013	918	876	833	773	725	721
Groundwood	808	771	806	791	705	674	772	821	776	636	593
Printing	611	600	589	519	488	484	538	546	474	351	314
Converting and other	197	171	217	172	217	190	234	275	302	285	279
Machine coated paper	1,215	1,182	1,096	1,113	1,020	887	809	627	486	334	305
Book paper	1,560	1,623	1,482	1,610	1,579	1,416	1,570	1,581	1,447	1,167	1,131
General printing	956	1,020	959	1,035	1,008	926	1,067	1,070	972	777	729
Converting	582	593	513	558	557	476	485	498	457	380	400
Other book paper	22	10	10	18	14	14	18	13	18	10	2
Fine paper	1,324	1,298	1,295	1,366	1,199	1,015	1,141	1,172	1,160	1,001	974
Writing paper	1,043	1,034	1,052	1,093	958	806	909	918	902	811	777
Rag	115	123	132	161	138	120	138	174	176	191	118
Chemical wood	928	911	920	932	820	686	717	744	726	620	659
Cover and text	81	70	59	63	61	63	72	93	93	59	52
Bristols	107	107	106	109	102	79	88	87	97	67	84
Thin paper [2]	93	87	78	101	78	67	72	73	68	63	61
Coarse paper, total	3,429	3,399	3,238	3,267	3,298	2,758	3,027	2,903	2,600	2,403	2,314
Glassine, greaseproof and vegetable parchment	138	149	138	177	162	141	151	156	158	140	139
Wrapping	630	640	651	705	713	692	726	667	763	715	650
Bag paper	936	946	797	838	754	690	736	540	524	365	375
Shipping sack	782	710	753	849	748	510	567	671	550	423	392
Converting	943	954	899	1,057	921	725	847	869	695	760	758
Special industrial paper including absorbent paper	526	554	514	536	460	334	415	389	375	327	335
Sanitary paper	1,320	1,278	1,148	1,244	1,148	1,008	983	894	861	824	808
Tissue paper	241	232	209	229	217	187	205	195	184	157	158
Building paper and insulation	1,356	1,316	1,298	1,386	1,425	1,151	1,321	1,289	1,036	883	881
Board, all types, total	13,686	13,806	12,226	13,037	12,311	9,967	10,778	10,409	9,490	8,914	8,963
Container board	6,432	6,613	5,766	6,323	5,830	4,680	5,079	4,944	4,315	4,131	4,228
Folding boxboard	2,485	2,429	2,193	2,362	2,352	1,943	2,024	2,257	2,317	2,092 [3]	2,116
Special food board	941	968	799	772	655	516	443	460	434	374	387
Set-up boxboard	710	763	687	733	712	617	590	595	521	721	750
Cardboard	79	75	69	85	87	83	87	92	89	71	70
Building board	1,507	1,379	1,305	1,209	1,220	839	1,270	1,072	956	895 [4]	1,087
Wet machine board	132	152	139	148	166	131	142	150	138	112	130
Other board	1,400	1,427	1,268	1,345	1,289	1,158	1,137	839	720	518	195

[1] Preliminary.
[2] Includes small amounts of "other fine papers."
[3] Includes all grades of bending board.
[4] Includes liner for gypsum and stock for laminated wallboard.

Source: Prepared by the Forest Products Division, Business and Defense Services Administration, based upon data from Bureau of the Census, U. S. Department of Commerce.

TABLE 16.—*Newsprint—United States production, imports, exports, domestic consumption, and inventories*

[1,000 short tons]

Item	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944
Production	1,192	1,069	1,109	1,108	1,013	918	876	833	773	725	721
Imports	4,992	5,004	5,033	4,963	4,863	4,639	4,395	3,958	3,492	2,669	2,491
Reexports	[2]	[2]	[2]	[2]	[2]	5	2	2	2	3	9
Exports	140	47	105	71	44	39	28	28	28	44	31
Total supply	6,044	6,026	6,034	6,000	5,832	5,513	5,241	4,761	4,235	3,347	3,172
Inventories, total	522	560	624	530	433	457	467	386	308	273	350
Publishers [3]	516	552	612	522	425	446	458	377	293	266	342
Mill	6	8	12	8	8	11	9	9	15	6	7
Change in stocks	−38	−64	+94	+97	−24	−10	+81	+78	+35	−77	−28
Apparent consumption	6,082	6,090	5,940	5,903	5,856	5,523	5,160	4,684	4,200	3,424	3,200

[1] Preliminary.
[2] Not available.
[3] Reported by 422 publishers of 525 newspapers consuming approximately 76 percent in 1952–54; 75.5 percent in 1951; 76.5 percent in 1950; 77 percent in 1949; 78 percent in 1948; and 75 percent in 1947; 73 percent in 1946; 70 percent in the first half and 71 percent in second half of 1945; 72.5 percent in 1944; and 75 percent in 1943.

Source: Production, import, and export figures, Bureau of the Census, U. S. Department of Commerce; publishers' inventories, American Newspaper Publishers' Association; mill inventories, News Print Service Bureau; consumption equals supply adjusted for change in stocks.

TABLE 17.—*Production of newsprint in North America*

[1,000 short tons]

Year	Total [1]	United States	Canada	Newfoundland	Year	Total [1]	United States	Canada	Newfoundland
1954 [2]	7,176	1,192	5,984	[3]	1946	5,279	773	4,143	363
1953	6,790	1,069	5,721	[3]	1945	4,317	725	3,259	333
1952	6,796	1,109	5,687	[3]	1944	3,985	721	2,992	273
1951	6,624	1,108	5,516	[3]	1943	4,030	811	2,983	236
1950	6,292	1,013	5,279	[3]	1942	4,422	967	3,177	277
1949	6,092	918	4,732	444	1941	4,815	1,044	3,426	345
1948	5,859	876	4,601	382	1940	4,826	1,056	3,419	351
1947	5,653	833	4,447	373	1939	4,129	954	2,869	305

[1] Details may not add to total because of rounding.
[2] Preliminary.
[3] Data for Canada include figures for Newfoundland.

Source: United States, Bureau of the Census, U. S. Department of Commerce; Canada and Newfoundland, Newsprint Association of Canada.

TABLE 18.—*Newsprint—United States imports by country of origin*

[1,000 short tons]

Source	1954 [1]	1953	1952	1951	1950	1949	1948	1947	1946
Total [2]	4,992	5,004	5,033	4,963	4,863	4,639	4,395	3,958	3,492
Canada [3]	4,864	4,841	4,850	4,756	4,690	4,382	4,127	3,829	3,478
Finland	122	145	162	160	144	151	132	84	12
Sweden	6	16	16	30	18	37	70	25	1
United Kingdom	[4]	------	------	------	[4]	35	3	------	------
Norway	[4]	3	4	9	4	30	28	6	------
France	------	------	------	5	2	2	28	10	------
All other countries	------	------	1	3	2	1	7	4	------

[1] Preliminary.
[2] Data do not necessarily add to total because of rounding.
[3] Includes Newfoundland.
[4] Less than 500 short tons.

Source: Bureau of the Census, U. S. Department of Commerce.

TABLE 19.—*Monthly value of sales by United States pulp, paper, board and products manufacturers, 1947–54 (unadjusted)*

[Millions of dollars]

Month	1954 [1]	1953 [2]	1952 [2]	1951 [2]	1950 [2]	1949	1948	1947
January	680	695	703	714	501	458	504	458
February	676	690	663	686	495	432	489	449
March	730	711	683	775	567	476	532	469
April	733	739	657	743	518	438	516	482
May	714	724	650	774	554	422	500	494
June	766	741	630	732	562	432	520	474
July	753	766	599	627	517	372	456	431
August	742	735	668	725	645	462	519	479
September	734	752	674	670	616	490	521	503
October	764	738	740	737	673	506	532	547
November	734	709	657	685	670	497	498	482
December	712	704	655	608	658	463	473	496
Total	8,738	8,704	7,979	8,477	6,976	5,448	6,060	5,764

[1] Preliminary.
[2] Revised.

Source: The Office of Business Economics. The estimated dollar total of sales represents receipts of all operators of pulp, paper, paperboard and product manufacturing companies. The figures include data for both corporate and noncorporate businesses, but are comparable to the sales data for corporations in Statistics of Income, published by the Bureau of Internal Revenue.

TABLE 20.—*Wholesale price index numbers for selected subgroups and classes of wood pulp, paper, paperboard, and converted products, and other selected commodity groups*

[Index 1947–49=100]

Item	1954 [1]	1953	1952	1951	1950	1949	1948	1947
All commodities other than farm and foods	114.5	114.0	113.0	115.9	105.0	101.3	103.4	95.3
Pulp, paper, and products group	116.3	116.1	116.6	119.6	100.9	98.5	102.9	98.6
Wood pulp subgroup	109.7	109.0	111.5	114.4	95.6	97.0	107.3	95.6
Sulfate, southern, unbleached	102.4	97.3	109.9	120.7	88.5	89.2	112.6	98.2
Sulfate, bleached	107.9	107.9	107.9	116.3	93.9	101.5	119.1	79.5
Sulfite, bleached	112.0	112.0	112.0	112.0	98.1	98.7	104.2	97.1
Mechanical	105.2	110.0	118.1	122.1	89.6	91.5	106.7	101.8
Soda, bleached	112.9	112.9	112.9	112.9	96.5	97.9	106.1	96.0
Wastepaper subgroup	80.4	90.7	70.1	188.2	119.5	61.3	90.4	148.3
Books and magazines	70.6	65.6	110.2	195.9	114.4	71.7	90.7	137.6
Folded news	84.9	98.3	67.2	148.8	114.6	65.7	91.0	143.3
Mixed paper	82.3	96.9	56.6	193.9	128.3	48.8	84.1	167.1
Corrugated	81.1	93.9	61.4	207.3	119.5	61.2	93.8	144.9
Paper subgroup	126.6	125.6	124.0	119.1	106.5	103.8	102.8	93.4
Paper, except newsprint class	125.1	123.7	123.5	120.4	106.5	103.3	103.1	93.7
Hanging	125.1	125.1	125.1	119.6	104.5	105.4	105.1	89.5
Printing paper	117.0	117.0	117.0	110.7	102.7	102.2	101.3	96.4
Bookpaper	128.4	127.4	125.8	119.8	108.5	105.2	100.7	94.1
Wood bond	120.0	118.6	117.8	115.7	105.2	103.1	104.4	92.6
Writing paper	123.8	127.1	127.1	125.1	110.5	101.4	102.3	96.4
Wrapping paper	132.3	127.5	124.5	122.3	106.7	103.1	104.8	92.1
Butcher's paper	130.9	128.6	128.1	126.8	108.5	102.7	103.2	94.1
Waxing paper	117.9	118.0	124.4	122.7	103.9	102.4	105.1	92.6
Wrapping tissue	120.7	115.7	122.8	132.2	100.0	99.4	104.9	95.7
Newspring class	131.4	131.1	125.7	115.4	106.2	105.5	101.9	92.6
Paperboard subgroup	124.5	124.3	127.4	131.8	105.0	98.8	102.0	99.2
Container board class	119.9	117.2	115.6	117.8	102.8	100.5	100.1	99.4
Folding boxboard class	138.3	140.1	144.8	150.0	109.7	99.4	103.0	97.5
Set-up boxboard class	114.4	117.1	128.1	135.9	103.1	94.3	104.5	101.3
Converted products subgroup	112.0	112.2	113.8	116.9	97.7	97.1	102.4	100.5
Building paper and board subgroup	127.8	121.4	115.3	113.4	107.6	104.2	102.8	93.0
Fuel and power group	108.1	109.5	106.6	106.7	103.0	101.9	107.1	90.9
Chemicals and allied products group	107.1	105.7	104.5	110.1	96.3	94.8	103.8	101.4

[1] Preliminary.

Source: Prepared by the Forest Products Division, Business and Defense Services Administration, Department of Commerce, based upon data supplied by the Bureau of Labor Statistics, U. S. Department of Labor.

TABLE 21.—*United States exports of pulpwood, wood pulp, paper, paperboard, and paper products*

[In short tons except where otherwise indicated]

Item	1954 [1]	1953	1952	1951	1950	1949
Pulpwood (in cords of 128 cu. ft.)	41,207	10,943	16,819	13,074	27,053	7,689
Wood pulp, total	441,863	161,687	211,924	199,708	95,673	122,133
Bleached sulphite: Rayon and special chemical grades	152,887	68,503	65,233	31,157	27,634	25,493
Bleached sulphite: Other	57,990	18,473	23,683	44,165	18,364	19,770
Unbleached sulphite	50,914	30,748	34,548	43,672	32,836	39,383
Bleached sulfate	99,202	13,419	11,604	9,488	4,709	9,542
Unbleached sulfate	75,104	28,830	75,864	68,464	9,555	27,234
Soda, screenings and other wood pulp	5,766	1,714	992	2,762	2,575	711
Waste fibrous materials, total [2]	126,858	114,130	142,371	206,438	119,701	117,197
Overissue news	64,217	67,538	77,824	102,383	68,495	74,265
Other waste paper and paper stock	62,641	46,592	64,547	104,055	51,206	42,932
Paper, paperboard, and paper products, total	685,631	475,345	592,401	778,590	419,177	408,630
Paper and paperboard, total	590,503	382,787	499,210	527,857	297,152	294,805
Paper, total	326,466	189,013	325,566	277,124	175,127	180,980
Newsprint	140,395	46,675	104,998	71,295	43,966	38,660
Groundwood printing paper, total	12,361	6,317	35,419	19,618	7,766	7,299
Uncoated	7,788	4,590	31,027	15,842	5,823	4,405
Coated	4,573	1,727	4,392	3,776	1,943	2,894
Book paper, total	28,195	20,247	30,452	32,419	19,207	32,876
Uncoated	15,948	11,657	17,115	17,957	14,300	28,231
Coated	12,247	8,590	13,337	14,462	4,907	4,645
Fine paper, total	40,696	33,899	40,450	47,776	38,535	43,656
Writing paper	29,243	24,014	32,128	35,246	29,801	32,901
Cover paper	818	881	920	810	547	[3]
Bristols	1,161	926	911	1,409	1,071	1,034
Cigarette paper	8,465	7,134	5,501	8,790	6,580	8,327
Other fine	1,009	944	990	1,521	536	1,688
Wrapping, bag and converting paper, total	50,590	33,129	58,596	56,511	28,354	29,583
Kraft	41,529	26,208	47,891	40,797	17,025	19,173
Greaseproof and waterproof paper [3]	2,486	4,794	2,853	5,489	3,843	3,297
Other paper	6,575	2,127	7,852	10,225	7,486	7,113
Shipping sack paper	22,621	20,641	29,793	20,001	11,488	1,369
Special industrial	11,507	10,740	10,139	9,337	7,325	5,578
Sanitary tissue paper stock	2,846	2,564	1,580	2,779	5,345	6,961
Tissue paper	4,318	3,147	3,693	4,518	2,088	3,017
Absorbent paper	3,241	2,950	2,620	2,854	2,731	2,762
Building paper	9,696	8,704	7,826	10,016	8,322	9,219
Paperboard, total	264,037	193,774	173,644	250,733	122,025	113,825
Container board (liners and corrugating)	169,746	110,349	92,851	134,613	59,940	49,900
Boxboard (bending and nonbending)	33,590	37,320	23,129	50,040	14,944	20,105
Other paperboard	28,933	3,239	8,549	26,482	15,424	10,691
Fiber insulation board	18,072	17,167	16,515	20,210	15,700	18,872
Wallboard	5,067	4,267	8,222	4,749	7,763	5,679
Cardboard	8,629	21,432	24,378	14,639	8,254	8,578
Paper products, total	95,128	92,558	93,191	107,406	74,364	77,417
Surfaced-coated paper [4]						
Toilet paper	9,943	10,331	7,917	9,406	7,383	8,046
Paper towels and napkins	3,485	1,599	2,757	2,736	1,972	1,867
Filing folders, index cards, and other office forms	3,895	3,941	3,483	3,699	3,772	2,636
Papeteries	[4]	[4]	[4]	407	359	366
Wallpaper	198	176	280	258	206	205
Shipping sacks	12,902	8,946	12,985	19,803	10,128	5,716
Paper bags	4,040	4,833	5,296	6,462	7,101	10,293

See footnotes at end of table, p. 36.

TABLE 21.—*United States exports of pulpwood, wood pulp, paper, paperboard, and paper products*—Continued

[In short tons except where otherwise indicated]

Item	1954 [1]	1953	1952	1951	1950	1949
Paper, paperboard, and paper products—Continued						
Paper products—Continued						
Shipping containers	12,992	13,407	15,230	14,867	7,795	9,822
Boxes and cartons	7,468	8,567	10,021	9,688	5,247	5,365
Envelopes	501	482	552	525	502	700
Cabs register and adding machine paper [4]						
Other paper and paper products	39,614	40,276	34,670	39,555	29,899	32,401

[1] Preliminary.
[2] Excludes rags for paper stock (code deleted July 1953).
[3] Includes glassine and vegetable parchment.
[4] Not shown separately.

Source: Prepared by the Forest Products Division—Business and Defense Services Administration, based upon data from the Bureau of the Census, U. S. Department of Commerce.

TABLE 22.—*United States imports of pulpwood, wood pulp, paper, paperboard, and paper products*

[In short tons, except where otherwise indicated]

Item	1954 [1]	1953	1952	1951	1950	1949	1948
Pulpwood, total (in cords of 128 cubic feet)	1,602,978	1,552,340	2,124,880	2,511,401	1,412,365	1,418,468	2,020,979
Rough	428,370	453,745	820,275	883,390	373,460	510,134	913,838
Peeled	775,549	776,616	1,036,959	1,406,937	844,781	791,325	1,010,993
Rossed	559	5,603	3,142	3,931	151	447	806
Chipped	398,500	316,376	264,504	217,143	153,973	116,562	95,342
Wood pulp, total	2,050,760	2,157,574	1,936,687	2,360,734	2,384,975	1,763,102	2,176,111
Bleached sulfite: Rayon and special chemical grades	230,384	255,523	222,608	230,800	238,846	153,946	235,481
Bleached sulfite: other	288,396	333,538	276,698	348,541	401,776	331,288	322,830
Unbleached sulfate	339,418	380,397	431,678	557,357	528,673	392,222	674,707
Bleached sulfate	637,193	590,224	519,035	521,560	450,352	391,609	277,989
Unbleached sulfite	269,852	292,593	207,871	335,573	440,378	248,814	336,449
Soda pulp	37,936	34,958	28,073	33,373	33,947	27,315	24,843
Chemical screenings	[2]	6,688	4,260	10,344	4,695	3,163	8,275
Bleached mechanical groundwood	62,830	65,255	34,341	17,675	20,202	593	
Unbleached mechanical groundwood	173,731	194,103	207,899	300,418	260,347	208,224	290,984
Mechanical groundwood screenings	11,020	4,295	4,224	5,093	5,759	5,928	4,553
Waste fibrous materials, total	50,434	65,334	78,825	116,500	131,147	72,055	102,845
Rags for paper stock	3,949	5,165	7,528	20,219	25,300	7,917	20,040
Other pulp-rag, straw, esparto, etc	137	443	217	254	88	[3]	4
Other waste fibrous materials	46,348	59,726	71,080	96,037	105,767	64,138	82,801
Paper, paperboard and paper products, total	5,187,317	5,231,326	5,191,126	5,152,322	5,007,384	4,751,323	4,581,811
Paper and paperboard, total	5,169,018	5,212,819	5,173,352	5,139,254	4,998,347	4,746,248	4,575,095
Paper, total	5,070,130	5,088,777	5,089,593	5,024,870	4,912,974	4,676,126	4,499,682
Newsprint	4,992,089	5,004,050	5,033,014	4,962,562	4,862,995	4,639,562	4,395,572
Printing paper, uncoated	35,783	41,450	42,984	47,326	35,278	28,281	83,379
Fine paper, total	2,387	3,344	1,314	1,333	1,229	640	1,537
Writing paper	602	90	79	74	115	37	120
Cover paper		5		[3]	[3]	[3]	3
Bristols	315	446	156	258	259	93	12
Thin paper	1,348	2,645	952	799	710	419	1,344
Other fine paper	122	158	127	202	145	91	58

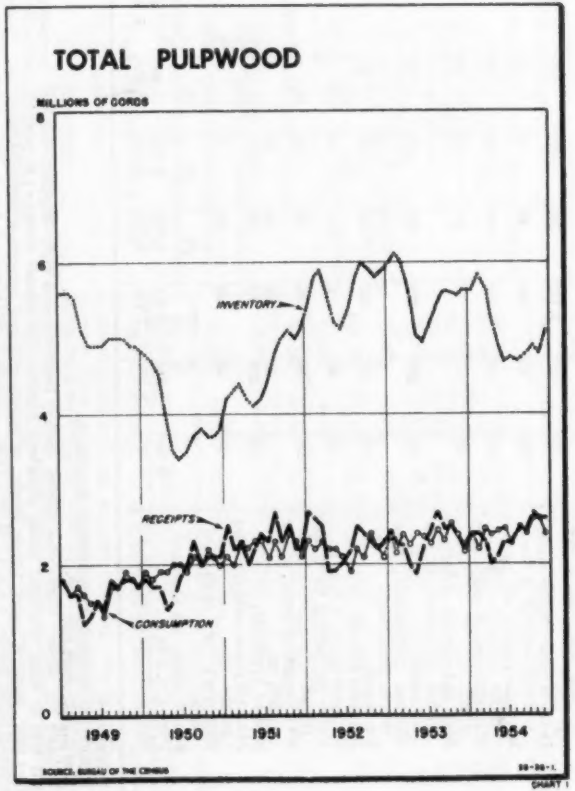
See footnotes at end of table, p. 37.

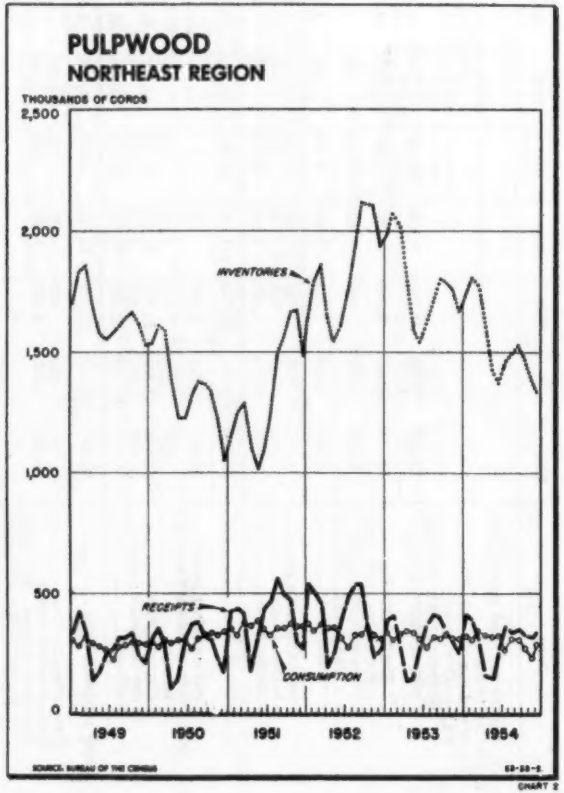
TABLE 22.—*United States imports of pulpwood, wood pulp, paper, paperboard, and paper products*—Continued

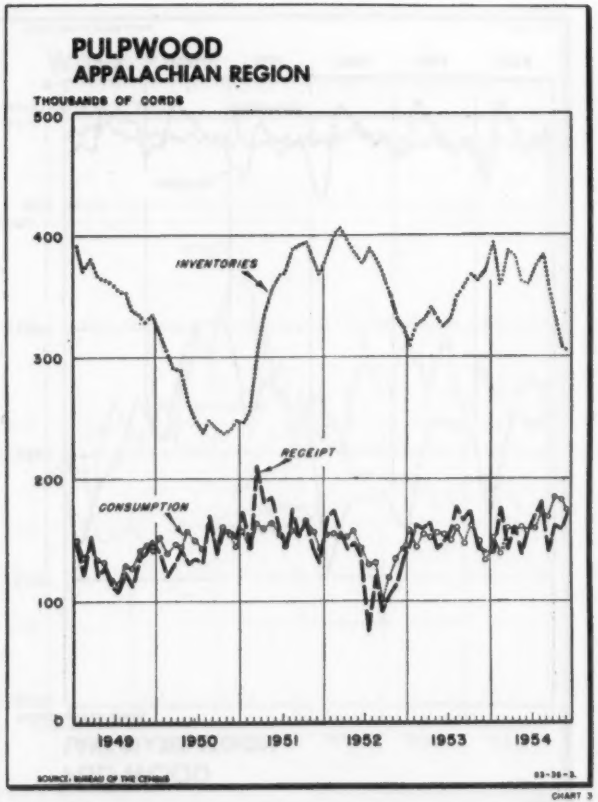
[In short tons, except where otherwise indicated]

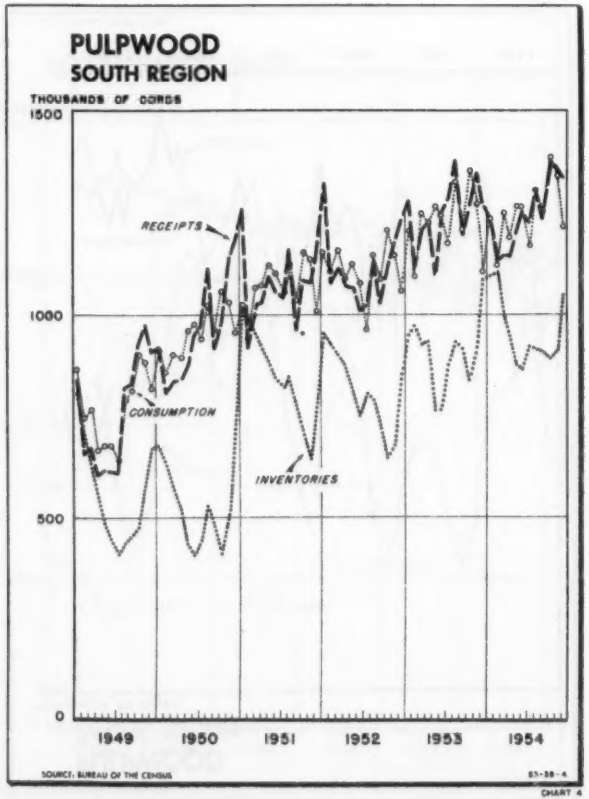
Item	1954 [1]	1953	1952	1951	1950	1949	1948
Paper, paperboard and paper products—Continued							
Paper and paperboard—Con.							
Paper—Continued							
Wrapping, bag, and converting paper, total	36,188	35,328	10,331	11,079	10,864	5,712	18,420
Kraft wrapping [4]	29,144	29,253	8,656	6,876	7,330	3,823	10,628
Greaseproof and waterproof paper	2,880	1,769	564	2,130	1,148	22	48
Wrapping, except kraft [4]	4,164	4,306	1,111	2,073	2,386	1,867	7,744
Tissue and crepe paper	1,751	716	266	223	452	1,352	376
Absorbent paper	167	127	129	94	101	122	92
Building paper	1,765	3,762	1,555	2,253	2,055	457	306
Paperboard, total	98,888	124,042	83,759	114,384	85,373	70,122	75,413
Kraft container board	22,373	33,325	4,385	967	----------	----------	----------
Other container and boxboard	117	375	175	1,739	465	3	629
Other paperboard	55,843	64,656	52,419	78,416	54,179	47,769	44,015
Fiber insulation board	4,138	5,245	3,824	3,015	3,319	275	400
Wallboard	16,417	20,441	22,956	30,247	27,410	22,075	30,369
Paper products, total	18,299	18,507	17,774	13,068	9,037	5,075	6,716
Papeteries	84	139	219	133	155	73	38
Surface-coated papers	1,401	1,055	2,404	1,002	265	40	32
Uncoated papers, decorated or covered with a design, etc	28	64	78	103	25	1	7
Wallpaper	4,034	3,224	2,879	2,303	2,638	1,365	1,259
Decalcomania paper	633	776	608	1,277	1,110	619	957
Boxes of paper, papier mache, or paperboard (not covered or lined)	744	810	1,119	543	479	357	300
Boxes of paper, papier mache, or wood (covered or lined)	243	95	204	96	67	41	27
Manufacturers of papier mache, n. s. p. f	225	198	163	154	106	58	51
Manufacturers of pulp, n. s. p. f	97	87	78	268	96	51	52
Bags and articles of surface-coated, parchment, or similar papers	191	283	229	181	168	56	63
Albums, photograph, autograph, scrap, etc	4	3	4	2	6	2	3
Envelopes	139	137	182	126	47	47	40
Jacquard designs	----------	1	[1]	----------	[1]	[3]	----------
Gummed paper, n. s. p. f	64	30	9	211	19	[3]	1
Tubes for holding yarn and thread	134	89	54	69	22	[3]	----------
Wall pockets of paper, papier mache, etc	----------	21	28	38	37	3	1
Ribbon flycatchers	290	204	83	44	115	----------	9
Masks of paper, pulp or papier mache	24	29	30	31	8	6	----------
Reinforced or cloth-lined paper	2	3	[2]	[2]	[2]	[2]	----------
Stencil paper, not mounted	----------	1	[2]	4	2	1	1
Papers, n. s. p. f	2,569	2,866	2,185	1,729	1,133	400	652
Manufacturers of paper, n. e. s	7,393	8,392	7,218	4,754	2,539	1,955	3,223

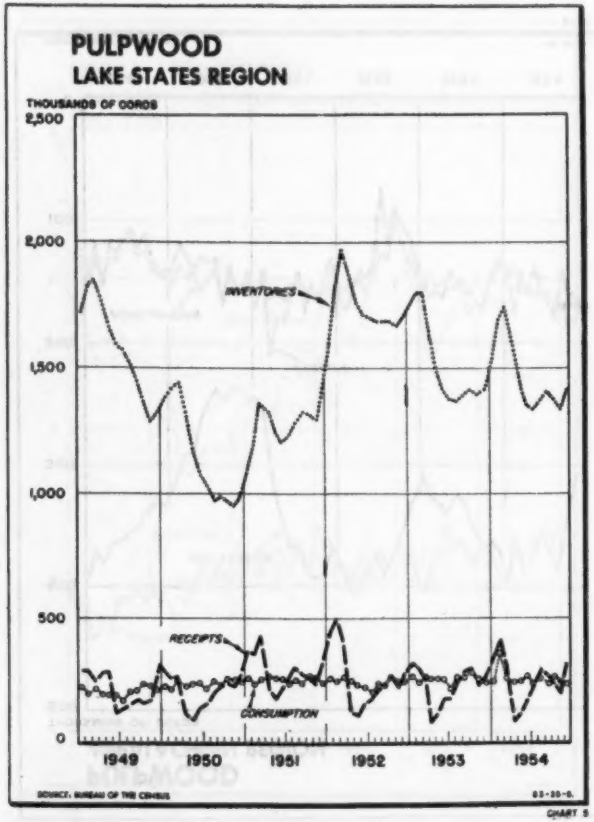
[1] Preliminary.
[2] Included in mechanical groundwood screenings.
[3] Less than ½ short ton.
[4] Includes bag paper. Conversion factors derived from reported gross shipping weights. Stereotype matrix mat or board (included under absorbent paper)—1,000 square inches=1.43 pounds; papeteries—$500=1 ton. Boxes of paper, papier mache, or paperboard (not covered or lined)—$140=1 ton. Manufacturers of papier mache, n. s. p. f.—$2,240=1 ton. Manufacturers of pulp, n. s. p. f.—$860=1 ton. Albums, photograph, autograph, scrap, etc.—$3,060=1 ton. Jacquard designs on ruled paper, etc.—$94,000=1 ton (price includes cost of die). Ribbon flycatchers—$840=1 ton. Masks of paper, pulp, etc.—$760=1 ton. Papers, n. s. p. f.—$80=1 ton. Manufacturers of paper, n. e. s.—$360=1 ton. Wall pockets of paper, papier mache, etc.—10,000 wall pockets=1 ton.

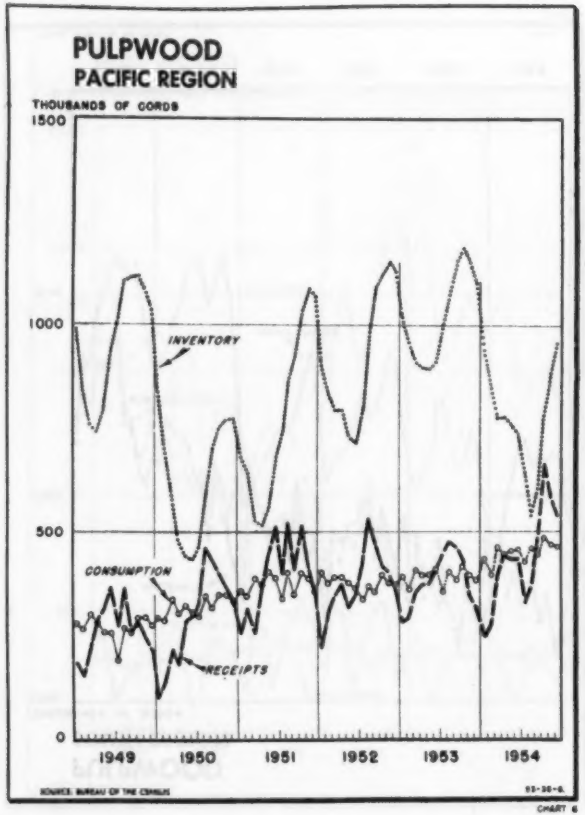

TOTAL PULPWOOD
MILLIONS OF CORDS
8
6
4
2
0
INVENTORY
RECEIPTS
CONSUMPTION
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 1

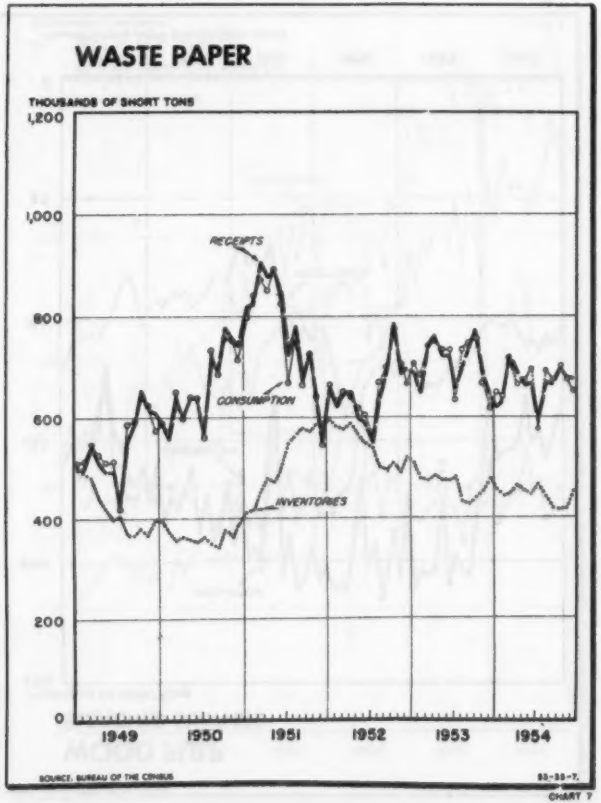

PULPWOOD
NORTHEAST REGION
THOUSANDS OF CORDS
2,500
2,000
1,500
1,000
500
0
INVENTORIES
RECEIPTS
CONSUMPTION
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 2

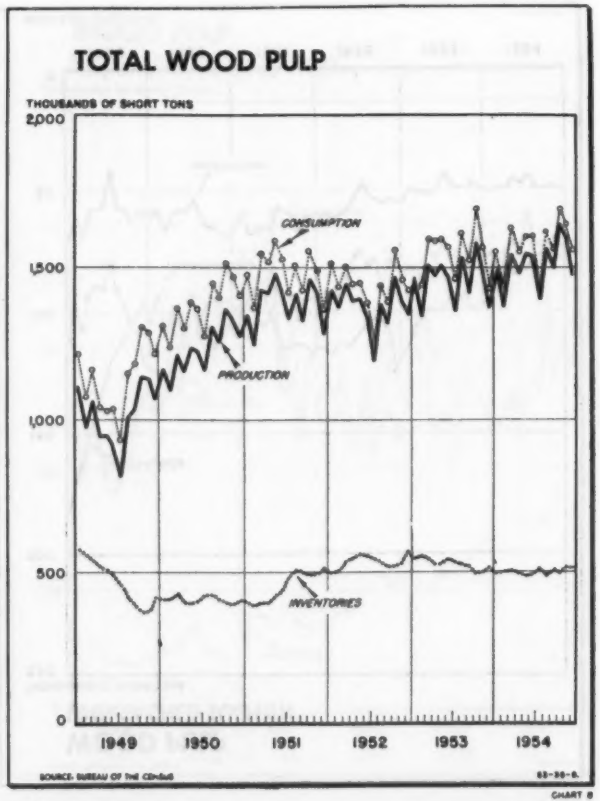

PULPWOOD
APPALACHIAN REGION
THOUSANDS OF CORDS
500
400
300
200
100
0
INVENTORIES
RECEIPT
CONSUMPTION
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 3

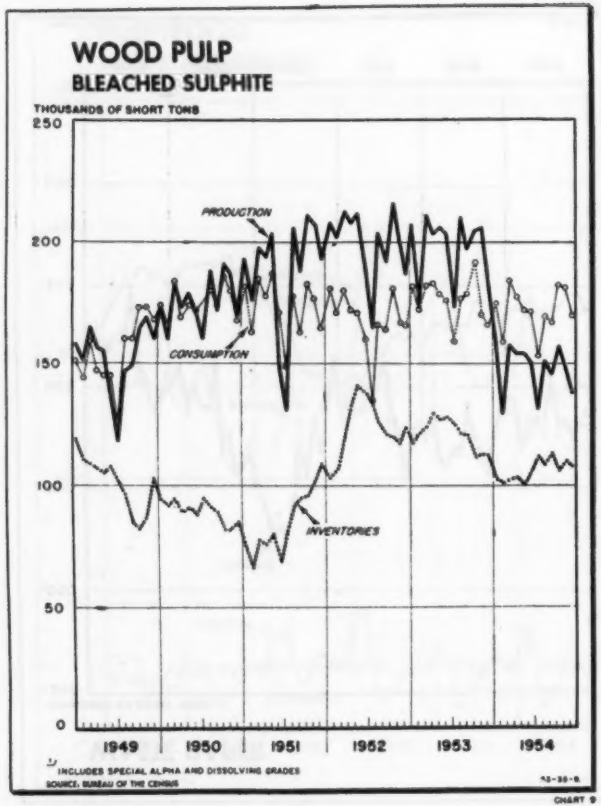

PULPWOOD
SOUTH REGION
THOUSANDS OF CORDS
1500
1000
500
0
RECEIPTS
CONSUMPTION
INVENTORIES
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 4

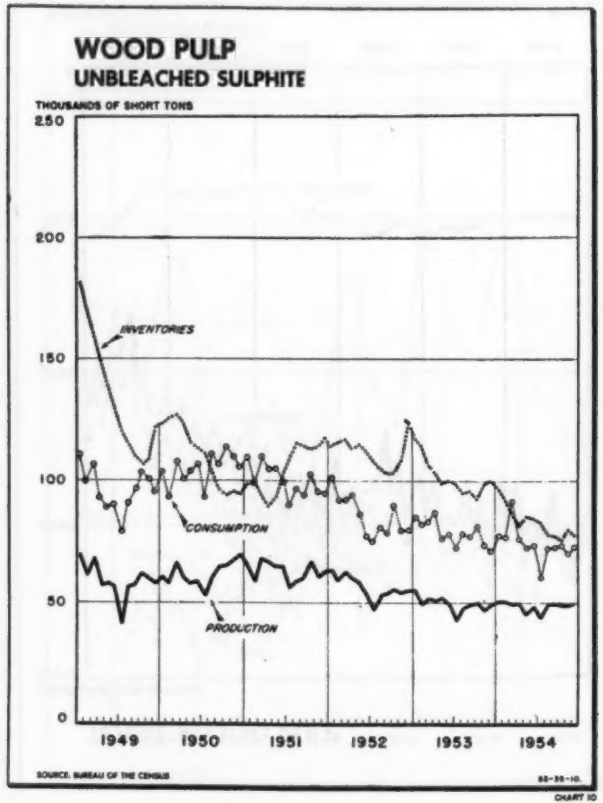

PULPWOOD
LAKE STATES REGION
THOUSANDS OF CORDS
2,500
2,000
1,500
1,000
500
0
INVENTORIES
RECEIPTS
CONSUMPTION
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 5

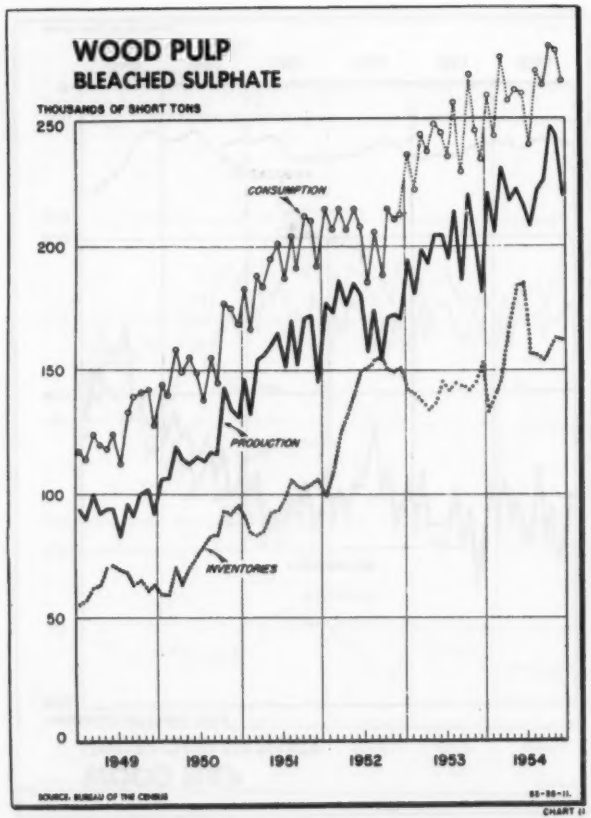

PULPWOOD
PACIFIC REGION
THOUSANDS OF CORDS
1500
1000
500
0
INVENTORY
CONSUMPTION
RECEIPTS
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 6

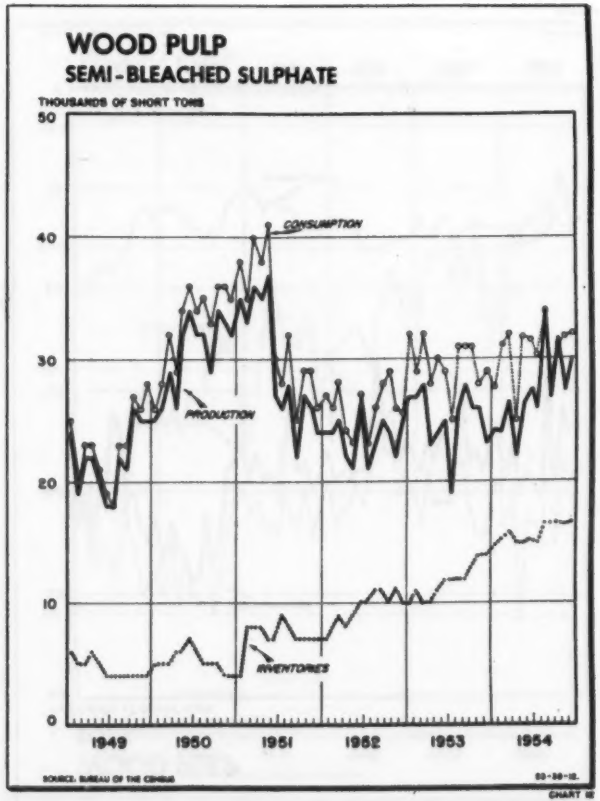

WASTE PAPER
THOUSANDS OF SHORT TONS
1,200
1,000
800
600
400
200
0
RECEIPTS
CONSUMPTION
INVENTORIES
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 7

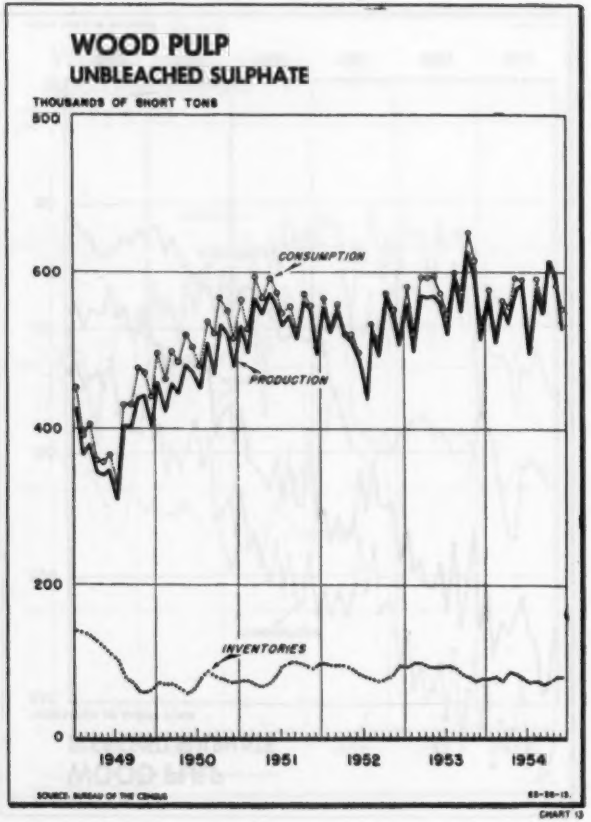

TOTAL WOOD PULP
THOUSANDS OF SHORT TONS
2,000
1,500
1,000
500
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 8

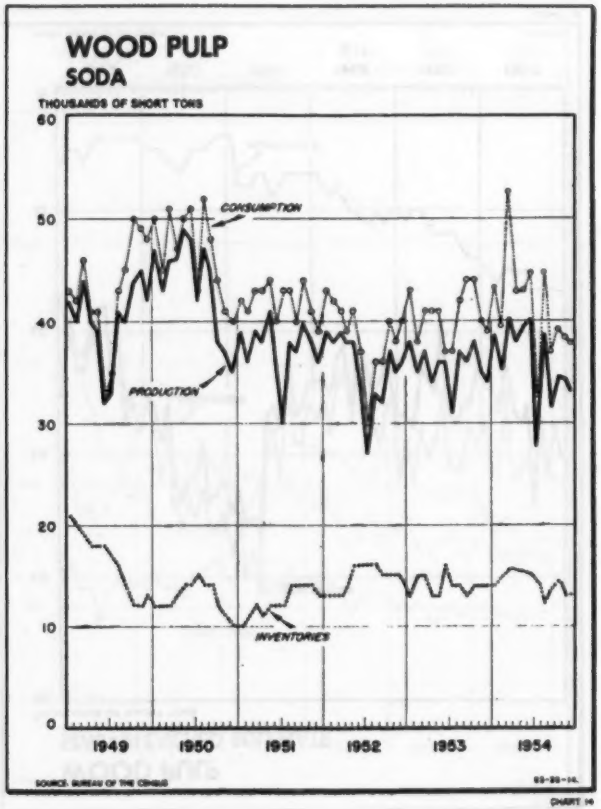

WOOD PULP
BLEACHED SULPHITE
THOUSANDS OF SHORT TONS
250
200
150
100
50
0
PRODUCTION
CONSUMPTION
INVENTORIES
1949
1950
1951
1952
1953
1954
1/ INCLUDES SPECIAL ALPHA AND DISSOLVING GRADES
SOURCE: BUREAU OF THE CENSUS
CHART 9

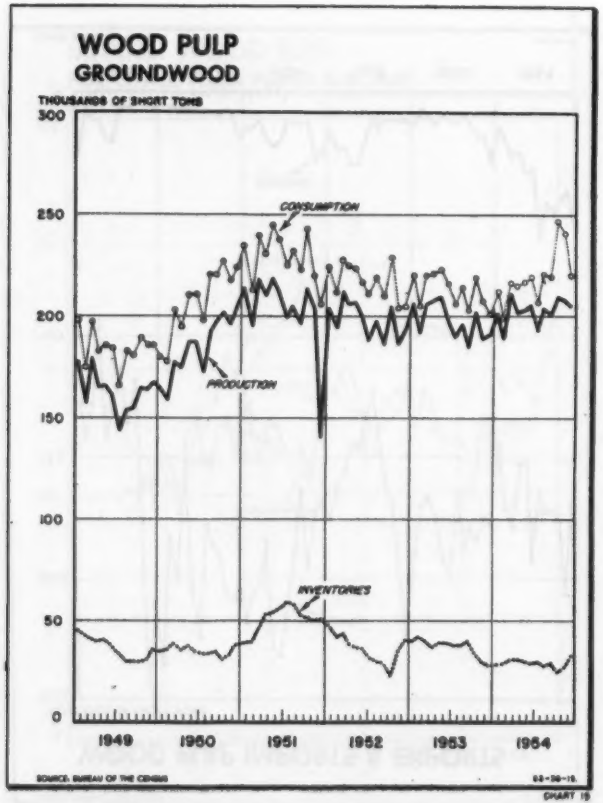

WOOD PULP
UNBLEACHED SULPHITE
THOUSANDS OF SHORT TONS
250
200
150
100
50
0
INVENTORIES
CONSUMPTION
PRODUCTION
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 10

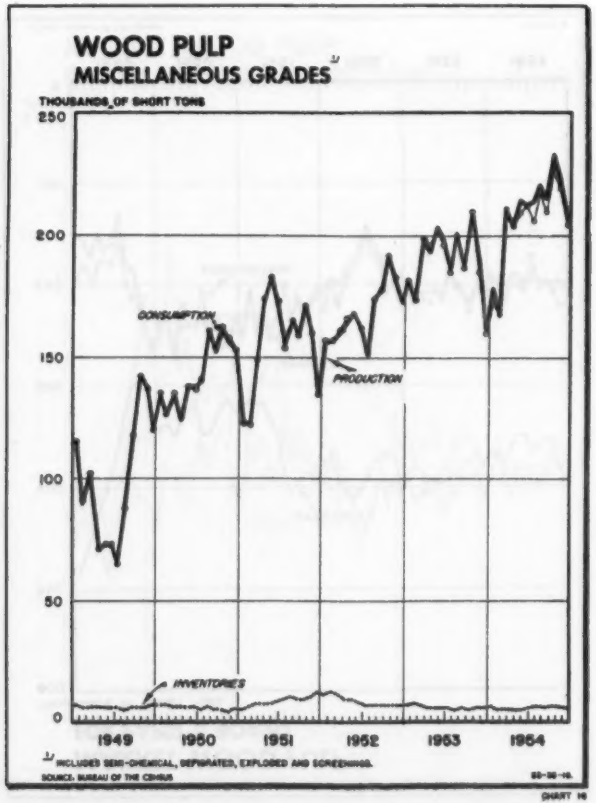

WOOD PULP
BLEACHED SULPHATE
THOUSANDS OF SHORT TONS
250
200
150
100
50
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954

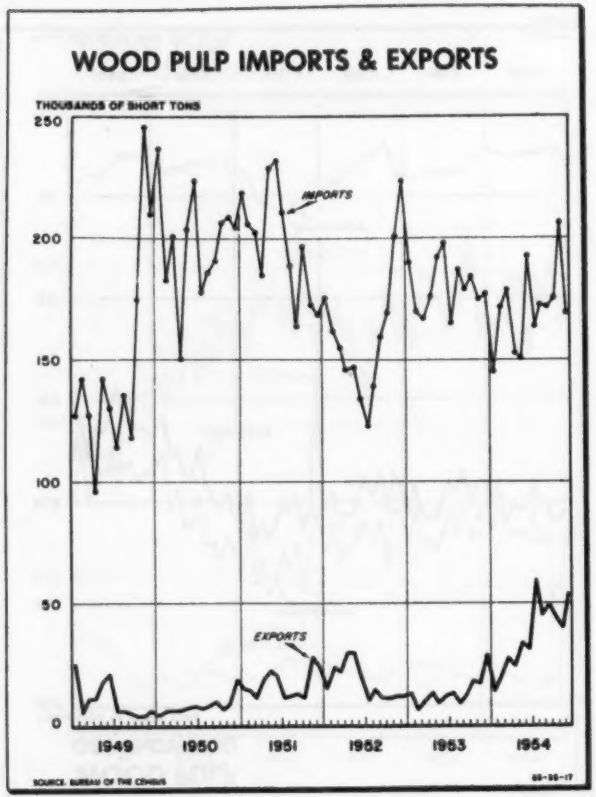

WOOD PULP
SEMI-BLEACHED SULPHATE
THOUSANDS OF SHORT TONS
50
40
30
20
10
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954

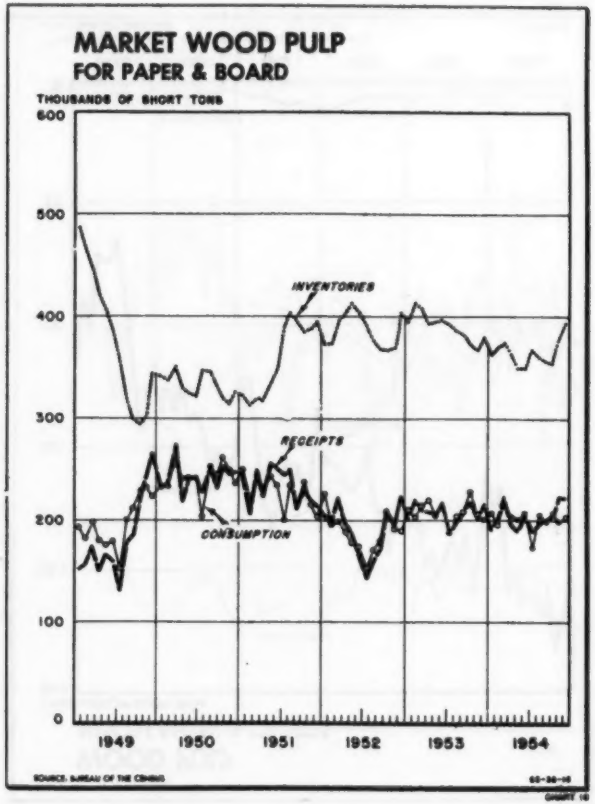

WOOD PULP
UNBLEACHED SULPHATE
THOUSANDS OF SHORT TONS
800
600
400
200
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 13


WOOD PULP
SODA
THOUSANDS OF SHORT TONS
60
50
40
30
20
10
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 14


WOOD PULP
GROUNDWOOD
THOUSANDS OF SHORT TONS
300
250
200
150
100
50
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 15


WOOD PULP
MISCELLANEOUS GRADES 1/
THOUSANDS OF SHORT TONS
250
200
150
100
50
0
CONSUMPTION
PRODUCTION
INVENTORIES
1949
1950
1951
1952
1953
1954
1/ INCLUDES SEMI-CHEMICAL, DEFIBRATED, EXPLODED AND SCREENINGS.
SOURCE: BUREAU OF THE CENSUS
CHART 16


WOOD PULP IMPORTS & EXPORTS
THOUSANDS OF SHORT TONS
250
200
150
100
50
0
IMPORTS
EXPORTS
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS


MARKET WOOD PULP
FOR PAPER & BOARD
THOUSANDS OF SHORT TONS
600
500
400
300
200
100
0
INVENTORIES
RECEIPTS
CONSUMPTION
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS

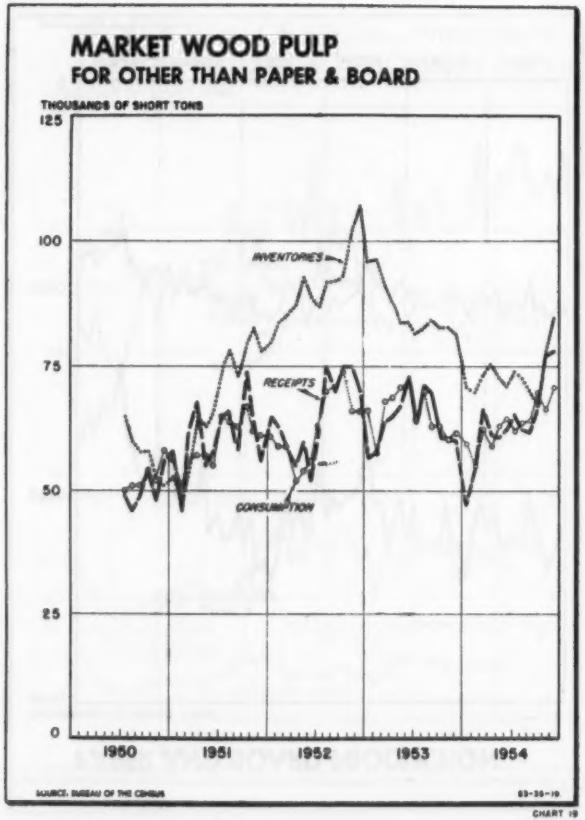


CHART 19

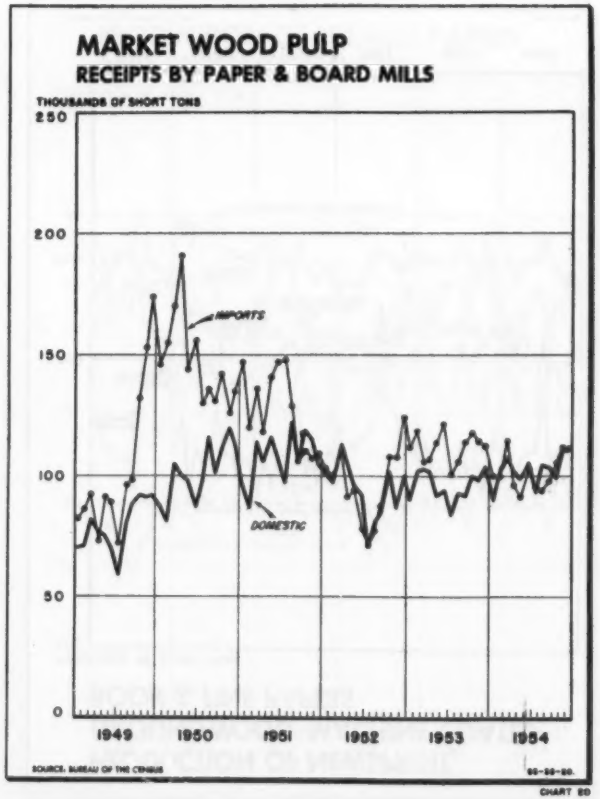
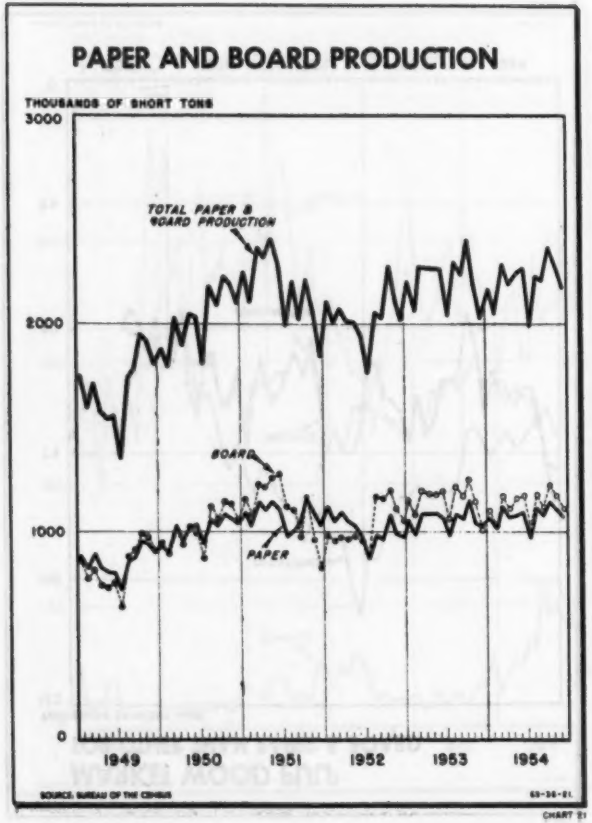
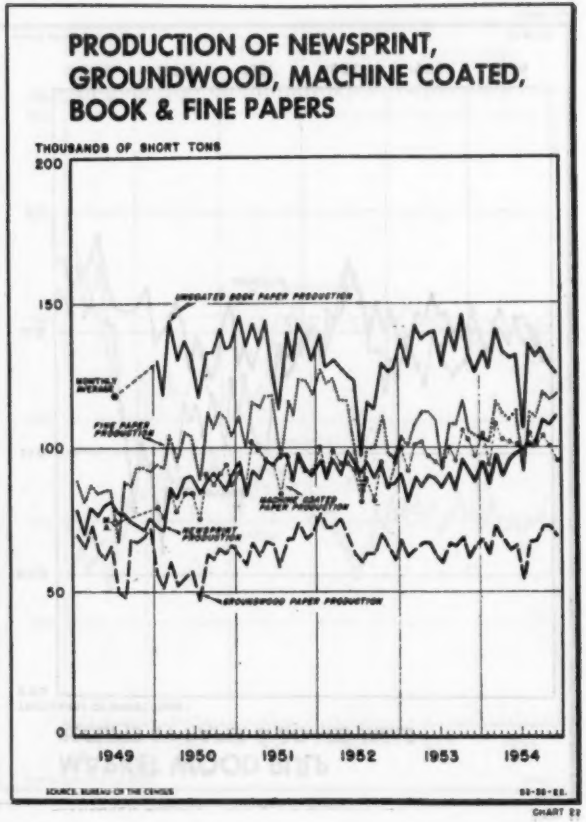
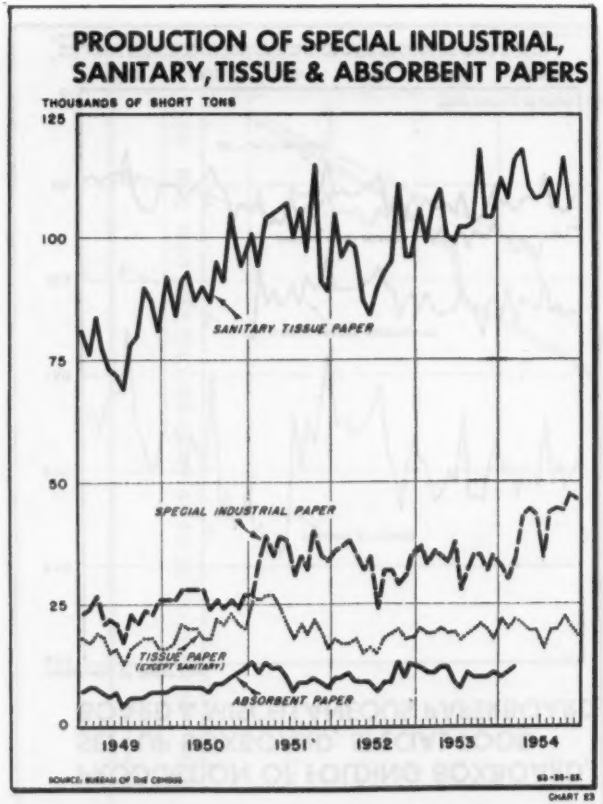
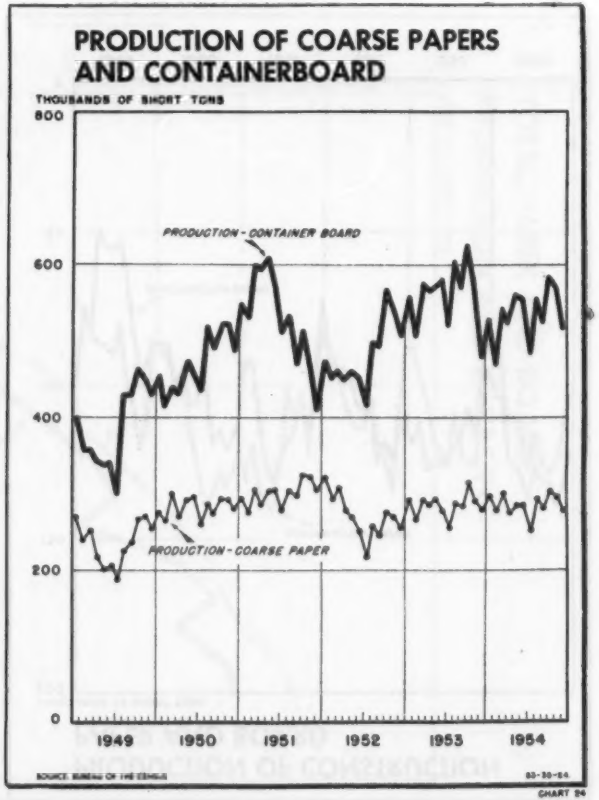


CHART 20

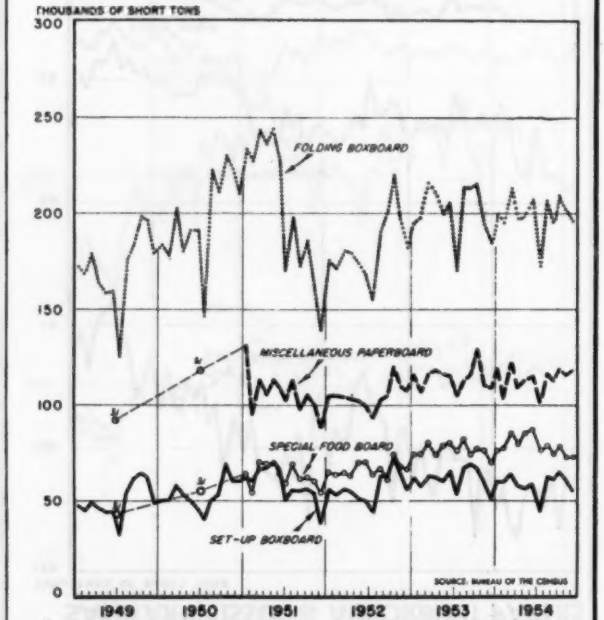

PAPER AND BOARD PRODUCTION
THOUSANDS OF SHORT TONS
3000
2000
1000
0
TOTAL PAPER & BOARD PRODUCTION
BOARD
PAPER
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS


PRODUCTION OF NEWSPRINT, GROUNDWOOD, MACHINE COATED, BOOK & FINE PAPERS
THOUSANDS OF SHORT TONS
200
150
100
50
0
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS


PRODUCTION OF SPECIAL INDUSTRIAL, SANITARY, TISSUE & ABSORBENT PAPERS
THOUSANDS OF SHORT TONS
125
100
75
50
25
0
SANITARY TISSUE PAPER
SPECIAL INDUSTRIAL PAPER
TISSUE PAPER (EXCEPT SANITARY)
ABSORBENT PAPER
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 23


PRODUCTION OF COARSE PAPERS AND CONTAINERBOARD
THOUSANDS OF SHORT TONS
800
600
400
200
0
PRODUCTION - CONTAINER BOARD
PRODUCTION - COARSE PAPER
1949
1950
1951
1952
1953
1954
SOURCE: BUREAU OF THE CENSUS
CHART 24

PRODUCTION OF FOLDING BOXBOARD, SET-UP BOXBOARD, SPECIAL FOOD BOARD & MISCELLANEOUS PAPERBOARD 1/



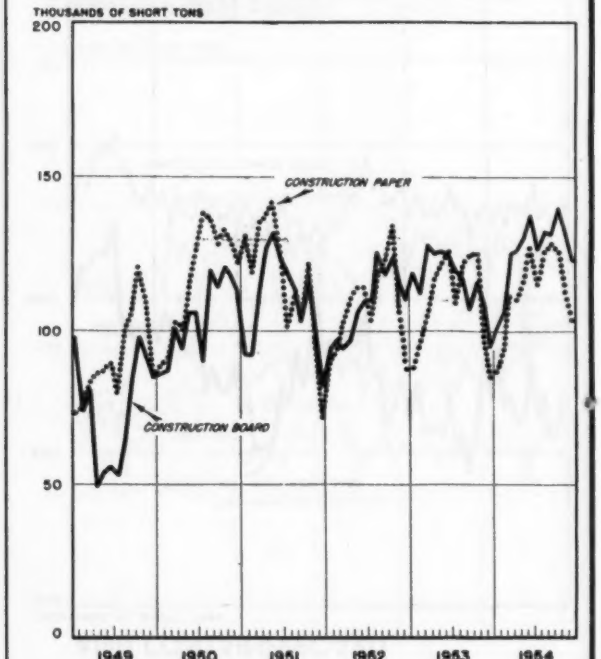
1/ SHEETS AND/OR PAPERBOARD INCLUDED GRADES OF BENDING AND NON-BENDING BOARD OTHER THAN FOLDING, SET-UP AND SPECIAL FOOD BOARD AS WELL AS SPECIAL GRADES OF PAPERBOARD SUCH AS TUBE, CAN AND DRUM STOCK, LINER FOR SYPHON, ETC.

2/ AVERAGE MONTHLY.

53-30-20.

CHART 25

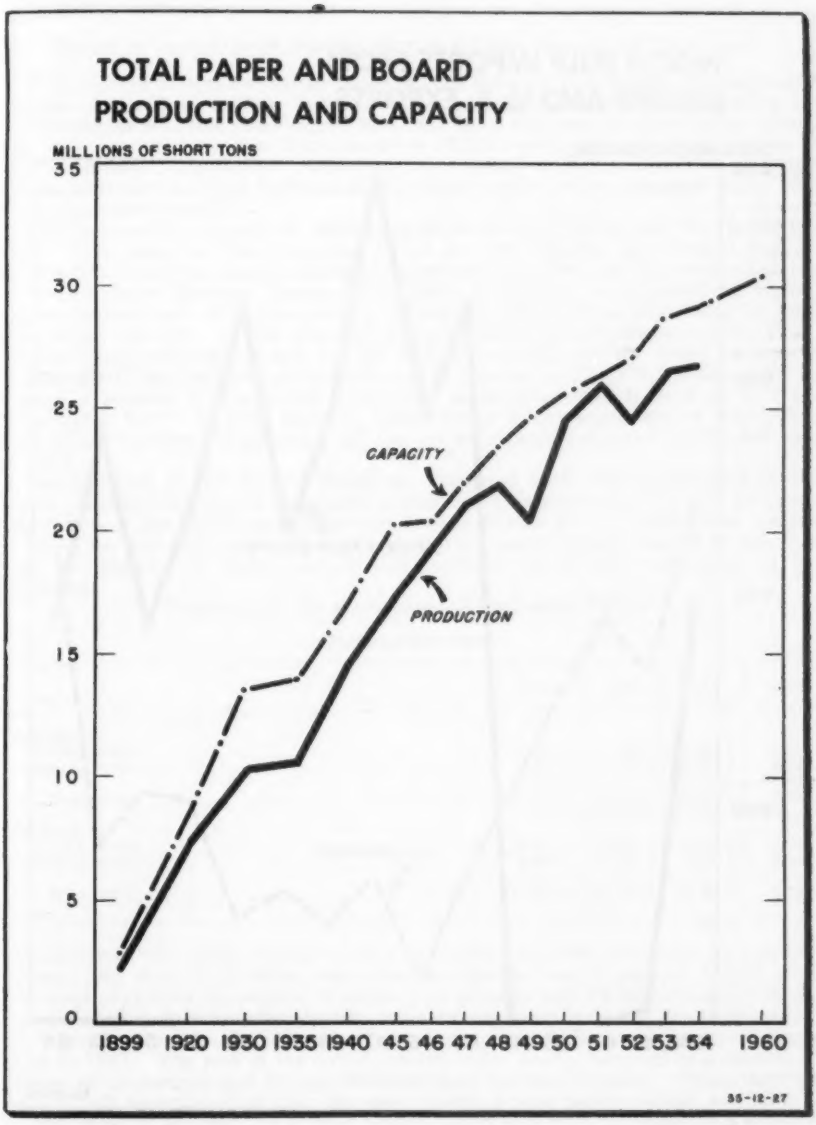
PRODUCTION OF CONSTRUCTION PAPER AND BOARD

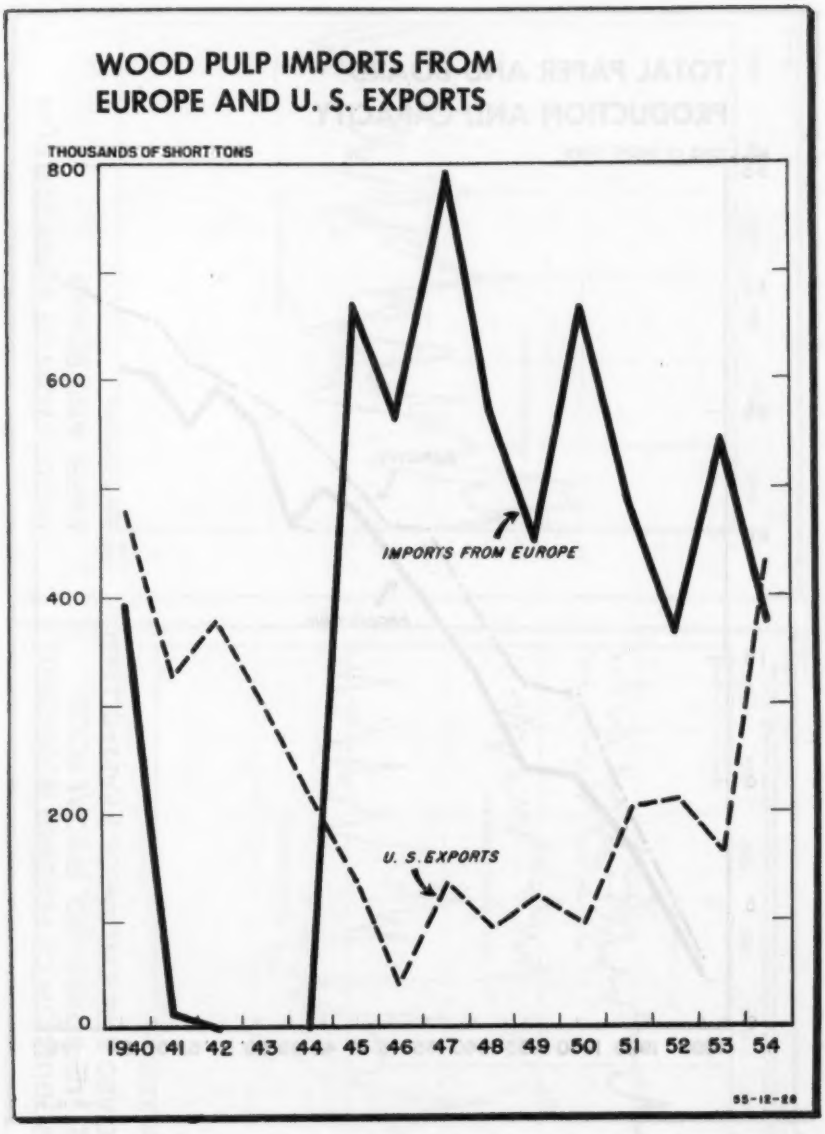


SOURCE: BUREAU OF THE CENSUS

53-30-88.

CHART 26


TOTAL PAPER AND BOARD
PRODUCTION AND CAPACITY
MILLIONS OF SHORT TONS
35
30
25
20
15
10
5
0
CAPACITY
PRODUCTION
1899 1920 1930 1935 1940 45 46 47 48 49 50 51 52 53 54 1960
55-12-27


WOOD PULP IMPORTS FROM EUROPE AND U. S. EXPORTS
THOUSANDS OF SHORT TONS
800
600
400
200
0
IMPORTS FROM EUROPE
U. S. EXPORTS
1940 41 42 43 44 45 46 47 48 49 50 51 52 53 54
55-12-28

World Production and Distribution of Newsprint Paper—1953

(By J. J. Zima, secretary, Newsprint Service Bureau in cooperation with Forest Products Division, Business and Defense Services Administration, U. S. Department of Commerce)

(Based on reports from Foreign Service officers throughout the world)

World production of newsprint paper in 1953 attained the to date unprecedented volume of nearly 11 million tons. Although the increase over the preceding 12-month period was less pronounced than had been the case in other recent years, this was, nevertheless, the fifth successive alltime peak year of global output of this important commodity. Moreover, this record outturn served to maintain the approximate balance between world supply and effective demand which had become evident in 1952.

The free world output of newsprint paper in 1953 amounted to 10,152,400 tons. The basis for the foregoing figure are the reports, by Foreign Service officers from an increasing number of countries, submitted at the request of the Forest Products Division, Business and Defense Services Administration, United States Department of Commerce in combination with and supplemented by data from other sources. In the absence of similar information concerning the Communist-dominated regions and for the sake of rounding out the world picture, it is estimated that production in that area amounted to 779,000 tons or approximately 7 percent of the global total—the same proportion thereof as in 1952. Combining the 2 figures, there is indicated a world aggregate of 10,931,400 tons which is 3 percent greater than the hitherto peak output of 10,611,400 tons in 1952.

The position of the United States as compared with that of the rest of the world combined insofar as newsprint is concerned, is exemplified by the following tabulation. The figure shown for the United States in the distribution section is based on domestic production plus imports minus exports, and it is assumed that the balance of world output was available to all other countries in the aggregate.

World newsprint production—Distribution 1953–50

[Thousand short tons]

	1953	1952	1951	1950
Production:				
United States	1,084.0	1,146.9	1,124.7	1,014.7
Rest of world	9,847.4	9,464.5	9,127.5	8,721.0
World total	10,931.4	10,611.4	10,252.2	9,735.7
Distribution:				
United States	6,041.4	6,078.4	6,013.4	5,830.6
Rest of world	4,890.0	4,533.0	4,238.8	3,905.1
World total	10,931.4	10,611.4	10,252.2	9,735.7

Compared with 1950, United States production in 1953 increased by nearly 7 percent and that of all other countries as a group was 13 percent higher while increases over 1937 amounted to about 14½ percent and 24 percent respectively. Insofar as distribution is concerned, the supply available to the United States in 1953 was approximately 3½ percent greater than in 1950 and 42 percent larger than in 1937. The rest of the world, on the other hand, recorded comparable increases of 25 percent and 5½ percent over these respective years. From the foregong it will be noted that over the most recent 4-year period supply available to all countries, other than the United States, taken as a unit, increased at a substantially higher rate than in the case of the world's largest consumer of newsprint, however, when related to 1937 standards this situation is reversed.

Table IV shows the per capita consumption of newsprint in 1951 and earlier periods in various countries throughout the world concerning which reasonably accurate information is available and which data have been compiled by the United Nations Educational, Scientific and Cultural Organization. Included in the table are only those countries with a consumption per capita of at least 2 pounds in 1951. Numerous other countries—some with an annual usage of less than one-half pound per inhabitant—are excluded therefrom because of this limitation. The United

States with a consumption of more than 77 pounds per person in 1951 heads the list although insofar as circulation of newspapers on a comparable basis is concerned, it holds a less prominent position than a number of other countries. Using more than 51 pounds, next in rank is Canada, followed by Sweden with 41 pounds and Australia with almost 40 pounds while from the nearly 39 pounds used in New Zealand there is a drop to the 26 pounds consumed in the United Kingdom whose average usage in the years 1935–39 had exceeded that of any other country. The last 3 of the aforementioned countries, i. e., Australia, New Zealand, and the United Kingdom, used less newsprint per capita in 1951 than the average during the years 1935–39 with the largest decline—55 percent—shown in the case of the last named. While similar data for Russia are unavailable, its position probably would be in the lower half of the table with a possible consumption in the neighborhood of 5 pounds per capita.

PRODUCTION

Although, as in the past, a number of estimates applying principally to the Soviet dominated regions are contained therein, the data which appear in table I are based primarily on reliable information from the various newsprint producing countries. In view of the complete lack of comparable figures regarding such activity beyond the Iron Curtain, it has been estimated that output of newsprint paper in 1953 in that sector of the globe may have amounted to somewhat in excess of three-quarters of a million tons with more than 60 percent thereof produced in Russia and 17 percent in the Soviet Zone of Germany. With no evidence whatsoever on the postwar performance in both these areas and but little more concerning other countries in the Soviet group, the highly speculative nature of this estimate should be borne in mind. Insofar as Russia itself is concerned, fragmentary general information would appear to suggest a growing need for newsprint without, however, much indication of the rate of increase in requirements. The supply of suitable raw material is probably second to that of no other country and if plans announced some years ago to expand paper and newsprint producing facilities should have been realized, the current estimate could prove to be conservative. The fact remains, however, that the Soviet regions had in 1953 very little visible impact on the newsprint situation of the free world. Available information indicates a movement of about 24,000 tons of newsprint to the Communist area but counterbalanced in part by 10,000 tons moving in the other direction with the net result being an insignificant drain of 14,000 tons.

TABLE I.—*World production of newsprint paper*

[Short tons]

Country	1953	1952	Percent increase
Canada [1]	5,721,300	5,687,000	0.6
United States	[2] 1,084,000	[2] 1,146,900	[3] 5.5
United Kingdom	675,600	601,000	12.4
Finland	490,500	478,400	2.5
Japan	454,800	306,600	48.3
Sweden	372,100	364,600	2.1
France	358,900	352,700	1.8
Germany [4]	[5] 358,100	[5] 317,600	12.8
Norway	180,800	173,100	4.4
Italy	127,300	123,500	3.1
Netherlands	107,000	107,100	[3] .1
Austria	92,400	82,200	12.4
Poland	[5] 60,000	[5] 57,000	5.3
Belgium	58,400	58,200	.3
Switzerland	[5] 55,000	55,100	[3] .2
Czechoslovakia	[5] 55,000	[5] 53,000	3.8
Austria	50,400	36,200	39.2
Brazil	34,200	47,700	[3] 28.3
Spain	32,400	30,800	5.2
China	[5] 25,000	[5] 21,000	19.0
Chile	10,000	12,900	[3] 22.5
Hungary	[5] 10,000	[5] 10,000	----------
Argentina	8,800	6,100	44.3
Rumania	[5] 5,000	[5] 5,000	----------
Formosa	4,500	(?)	----------
Bulgaria	[5] 4,000	[5] 4,000	----------
Yugoslavia	3,600	600	500.0
Turkey	3,300	4,300	[3]23.3
Portugal	2,300	2,100	9.5
Korea [6]	[5] 1,500	[5] 1,500	----------
Denmark	200	200	----------
Russia [7]	[5] 485,000	[5] 465,000	4.3
Total	10,931,400	10,611,400	3.0

[1] Includes Newfoundland.
[2] Official Government data for 1953 show 1,068,700 tons and 1,108,700 tons for 1952.
[3] Decrease.
[4] Includes estimate for Eastern Germany of 135,000 tons in 1953 and 127,000 tons in 1952.
[5] Estimated.
[6] South of the 38th Parallel.
[7] Includes Estonia, Latvia, and Lithuania.

The volume of newsprint produced throughout the world in 1953 was 320,000 tons above the previous record high in 1952 and 679,200 tons greater than in 1951. Compared with 1949—the first year the prewar peak of 1937 had been exceeded—there was a gain of 1,800,100 tons while the 3,847,800 ton or 54 percent increase over 1946 is indicative of the extent of postwar progress.

Among the countries which produced a larger volume of newsprint in 1953 than in 1952, Japan with an increase of 148,000 tons or 48 percent is the most noteworthy although Yugoslavia's output of 3,600 tons represented a gain of 500 percent over 1952. Production in the United Kingdom of 675,600 tons in 1953 was nearly 75,000 tons greater than in the preceding year while Canada's and Western Germany's output exceeded that in 1952 by more than 34,000 tons and 32,500 tons respectively. The 14,000 ton rise in Australia's production reflects the improvement in the power situation which permitted the use during part of the year at least of capacity installed quite some time ago.

Disregarding 2 very minor declines, only 4 of the countries listed in table I ailed to produce as much newsprint paper in 1953 as in the preceeding year. These countries and the quantitative decreases in their 1953 volume of output are as follows: United States, 62,900 tons; Brazil, 13,500 tons; Chile 2,900 tons; and Turkey 1,000 tons. The falling-off in United States production was symtomatic of the improved supply-demand relationship which developed in 1953. Mills normally making other grades, but which during the period when demand exceeded supply had found the manufacture of newsprint economically attractive, gradually withdrew from this field thus bringing about the aforementioned decrease. Insofar as Brazil and Turkey are concerned, facilities capable of turning out newsprint were apparently devoted to a greater extent to other grades of paper while Chile's output had been reduced because of a shutdown for the purposes of modernization.

Considering both sections of Germany as a unit, more than 95 percent of the world's newsprint output in 1953 was concentrated in a dozen countries in each of which production exceeded 100,000 tons. This group, with Canada in the forefront and the Netherlands at the lower end, was composed of the same countries whose productive achievements in 1952 had also been within this range. The only change in rank from that year occurred in the case of Japan which in 1953 moved ahead of Sweden, France and Germany to the position of the world's sixth largest producer of newsprint.

Although dwarfed by the 5,721,000 ton output of Canada which represented more than 52 percent of the global aggregate, the United States whose 1953 outturn of 1,084,000 tons accounted for nearly 10 percent of the world total, continued as the second largest producer of newsprint paper. The major known producer of newsprint in Europe and third in world rank was the United Kingdom with Finland and Russia following in the order named.

Table II is a record of the productive performances of the various countries in the three most recent years as compared with the average in the years 1946–50 and 1935–39. Except for two smallscale producers of newsprint, the 1953 output of all other countries surpassed the 1946–50 average while the United Kingdom, Germany, and Norway still failed to equal the rate of output attained in the years 1935–39.

The following tabulation lists the dozen countries with a turnout in excess of 100,000 tons of newsprint in 1953 and shows the relationship of the volume of production in the three most recent years and in 1946 to that of 1937 when world output was at its prewar peak.

Production index numbers

[1937=100]

	1953	1952	1951	1946
Canada	143	142	138	113
United States	115	121	119	82
United Kingdom	65	58	57	32
Finland	109	106	103	58
Russia	232	222	215	62
Japan	145	98	70	27
Sweden	123	120	120	96
France	85	83	84	31
Germany	69	61	58	29
Norway	85	82	85	57
Italy	193	187	170	48
Netherlands	101	101	95	36

The above figures disclose that one-third of the world's major producers of newsprint have not yet been able to regain 1937 volume. The outstanding examples being the United Kingdom and Germany, with the former having produced in 1953 less than and the latter a little more than two-thirds of the base year's tonnage. Starting in 1946 from a lower level than any of the other countries, Japan by 1953 had progressed most notably with a 437-percent rise in the index as compared with the first postwar year. Over this same period Italy's index had advanced by 302 percent and that of the United Kingdom by 103 percent while comparable increases of 40 percent and 26½ percent were shown by the United States and Canada respectively.

The volume of newsprint paper produced in the various broad geographical regions of the world in 1953 and 1952 is shown in the tabulation which follows.

Regional newsprint production

	Thousand short tons		Percent of total	
	1953	1952	1953	1952
North America	6,805.3	6,833.9	62.2	64.4
Europe	[1] 3,048.6	[1] 2,876.2	27.9	27.1
Asia	[2] 489.1	[2] 333.4	4.5	3.1
Russia	485.0	465.0	4.4	4.4
South America	53.0	66.7	0.5	0.6
Australia	50.4	36.2	0.5	0.4
World total	10,931.4	10,611.4	100.0	100.0

[1] Exclusive of Russia.
[2] Exclusive of Asiatic Russia.

Although in somewhat lesser degree than in any of the preceding 3 years, North America in 1953 continued to be the dominant factor in world output of newsprint with more than 62 percent of the global aggregate produced therein or more than twice that in any other region. The largest relative increases over 1952 were recorded by Asia and Australia—nearly 47 percent by the former and 39 percent by the latter—while, on the other hand, volume in North and South America declined by not quite one-half of 1 percent and 20½ percent respectively.

WORLD EXPORTS

The volume of international commerce in newsprint in 1953—insofar as information is available—involved the movement across various national frontiers of a total of slightly more than 6½ million tons of the paper consumed chiefly by the world's newspapers. The details of this movement are recorded in the large table to be found at the end of this discussion.

This alltime record international flow of newsprint had its origin almost exclusively in the countries of the free world since the regions beyond the Iron Curtain contributed only an indicated 10,000 tons thereto. The volume of such movement originating in and confined to that area of the world must of necessity remain an enigma because of steadfast refusal to disclose information of this nature.

As in 1952, the group of countries which exported at least 100,000 tons of newsprint was also limited to 5 in 1953 and the only change therein resulted from the United Kingdom displacing the United States. The latter only rarely qualifies for inclusion in such a classification as 1952 had been only the third year since 1913 in which exports therefrom exceeded the 100,000-ton level. Ranked in order of importance this group was composed of Canada, Finland, Sweden, Norway, and the United Kingdom and the sum total of exports therefrom amounted to 6,331,600 tons and represented nearly 97½ percent of the known global aggregate. The only remaining exporters of any consequence were, in the order named, Austria, the United States, and the Netherlands, and which as a group exported 140,300 tons of newsprint in 1953.

The tabulation which follows—based on the information available—shows the volume of world exports in the most recent 5 years and in 1937 and the relationship thereof to global production. The figures do not, of course, reflect whatever similar internal movement may have occurred within the Communist sphere, but even if such data had been accessible the totals, in all likelihood, would not have been substantially larger.

World exports of newsprint

[Short tons]

	Total tons	Percent of production
1953	6,503,200	59.5
1952	6,437,600	60.7
1951	6,196,400	60.4
1950	6,021,500	61.8
1949	5,777,400	63.3
1937	5,016,000	56.5

Actuated largely by the future cost factor, consumers in 1937 had ordered newsprint well above their current requirement level and as a result exports in that year attained the prewar peak of slightly in excess of 5 million tons. The increase over the preceding year amounted to 14 percent but due to the aforementioned buildup of inventories accompanied by a dip in consumption, exports in 1938 amounted to less than three-quarters of the 1937 total. Following the war, world exports expanded rapidly and by 1947 had reached the then record volume of more than 5,200,000 tons while each succeeding year witnessed a rise to ever greater heights. Although as a proportion of the world total the volume of newsprint exported to the United States in 1953 was but minutely lower than in 1952, this was the fourth successive year of recession from the postwar peak of more than 81 percent in 1950. On the other hand, however, the United States share of the global exports in 1953 was 18 percent above its 1937 proportion of nearly two-thirds.

The ratio of exports to production which in 1937 stood at 56½ percent attained a postwar high of 68 percent in 1947. Thereafter, however, the trend, except for a slight reversal in 1952, has been steadily downward although the 1953 ratio yet remained 5 percent higher than in 1937.

Canada

The prime importance of Canada as a world supplier of newsprint is attested to by the fact that exports therefrom of this commodity during the past 5 years averaged approximately 82½ percent of known world exports. Conversely, indicative of the great dependence of the Dominion on export markets is the ratio of exports to production during this same period of more than 93 percent. Exports from Canada to all destinations in 1953 rounded up to the all-time record total of slightly more than 5,375,000 tons and represented a gain of almost 48,000 tons or 1 percent over 1952. This increase resulted from expanded shipments to the United States which, although not quite 1½ percent larger than in 1952, nevertheless more than made up for the small decline in exports to overseas destinations.

The following tabulation shows the exports of newsprint from Canada to all destinations during the last 5 years and in the prewar peak year of 1937. The relationship thereof to known world exports and the Dominion's output is also shown. It will be noted that although currently exporting a lower proportion of production than in 1937, the ratio of Canada's exports to the world total is now higher than it had been in the earlier year.

Exports of newsprint from Canada

	Short tons	Percent of world exports	Percent of production
1953	5,375,200	82.7	94.0
1952	5,327,400	82.8	93.7
1951	5 112,100	82.5	92.7
1950	4 938 000	82.0	93.5
1949	4,789,500	82.9	92.5
1937	3,832,000	76.4	95.8

A breakdown of the export figure shown above discloses that the movement of Canadian newsprint to the United States in 1953 amounted to 4,917,200 tons—the peak annual total to date—and comprised 91½ percent of total exports while shipments to all other external markets aggregated 458,000 tons. Since the end of the war the volume of newsprint exported to the United States attained record proportions in each succeeding year, and in 1953 was 62 percent greater than in 1937. While exports to all other destinations were not quite 4 percent under the preceeding year, wide fluctuations nevertheless have occurred in such movement during the postwar period, ranging from a high of 715,000 tons in 1947 to a low of 214,000 tons in 1950. Using the yardstick of 1937 performance such exports in 1953 amounted to only 57 percent of the earlier year's volume.

Almost 94½ percent of Canada's export trade in newsprint in 1953, or 5,075,700 tons, was confined to the Western Hemisphere with nearly 97 percent thereof having gone to the United States while nearly 3 percent, or 158,500 tons, went to Latin America. Shipments to the latter region in 1953 were 4 percent under those in the preceding year but nevertheless was 22 percent and 51 percent higher respectively than in 1951 and 1950. On the other hand, the quantity exported

in 1953 fell short of the peak postwar exports to this area in 1946 by approximately one-third, due largely to the absence of any shipments to Argentina last year compared with 72,000 tons dispatched thereto 7 years earlier. The chief Latin American recipients of newsprint from Canada and the quantities exported thereto in 1953 as compared with 1952 were as follows: Mexico, 57,000 tons, down 3,700 tons; Cuba, 23,600 tons, down 5,000 tons; Brazil, 15,900 tons, up 2,700 tons; Columbia, 15,800 tons, up 3,500 tons; West Indies, 13,400 tons, up 1,600 tons; and Venezuela, 12,500 tons, down 600 tons. In addition to the aforementioned, Uruguay received 8,100 tons or 900 tons more than in 1952 while the 3,100 tons destined for Peru declined by 400 tons from the preceding year's volume and exports to Chile of only 700 tons amounted to less than 20 percent of the prior year's total. An aggregate of 8,400 tons went to Central and South American destinations other than those already mentioned while as previously stated Argentina which had received 1,200 tons in 1952, was out of the picture entirely in 1953.

Despite the absence of exports to 5 countries which had been among Canada's customers in 1952, tonnage shipped to Europe in 1953 rose by 9 percent and also was 311 percent greater than the 42,600-ton volume of 3 years ago. The 175,200 tons of newsprint involved in this movement was made up to the extent of 98 percent of shipments to the United Kingdom and Ireland with 158,100 tons going to the former and 13,700 tons to the latter, an increase over 1952 of 27,100 tons and a decrease of 2,500 tons, respectively. The only continental recipient of Canadian newsprint in 1953 was Western Germany and exports thereto of 3,400 tons matched those in the preceding year. Although combined shipments to France, Yugoslavia, Portugal, Spain, and Greece in 1952 had amounted to 10,000 tons, exports to those countries were nonexistent in 1953.

The volume of newsprint paper which passed through the Dominion's ports en route to Africa in 1953 amounted to 28,000 tons and was approximately equivalent to only two-thirds of the tonnage exported to that region in 1952 and to but 50 percent of that in the postwar peak year of 1949. On the other hand, this quantity was 34 percent and 186 percent greater, respectively, than in 1951 and 1950. All but 1,800 tons of the shipments to the African Continent went to the Union of South Africa, exports to which declined by 31 percent from the 1952 level.

A volume of exports to Japan more than 10½ times that in 1952 more than compensated for smaller shipments to other parts of Asia with the result that the overall exports to that continent in 1953 of 34,200 tons were 26 percent greater than the year before. Shipments to Japan amounted to 16,800 tons and constituted 49 percent of the total while 9,800 tons went to India and Pakistan and 5,700 tons to the Philippines compared with 1952 exports to the 2 last-named destinations of 15,100 tons and 5,500 tons, respectively.

Combined exports from Canada to Australia, New Zealand, and Hawaii amounted to 61,700 tons and declined by 25 percent from the 1952 level of 81,900 tons. The 33,300 tons shipped to Australia fell short of the exports thereto in 1952 by 7,500 tons, while shipments to New Zealand of 16,300 tons approximated but half of the preceding year's volume. The quantity destined for Hawaii amounted to 12,100 tons or 4,400 tons more than was exported thereto in 1952.

The tabulation which follows is a summarization of the distribution over broad areas of the newsprint paper exported from Canada during the most recent 4 years and is based on data compiled by the Dominion Bureau of Statistics.

Distribution of Canadian Exports

[Thousand short tons]

	1953	1952	1951	1950
United States	4,917.2	4,851.0	4,774.9	4,723.7
Latin America	158.5	165.1	129.8	105.1
Europe	175.2	160.6	100.8	42.6
Africa	28.0	41.5	20.9	9.8
Asia	34.2	27.1	37.6	16.1
Australia, New Zealand, Hawaii	61.7	81.9	45.1	40.4
Other	.4	.2	3.0	.3
Total	5,375.2	5,327.4	5,112.1	4,938.0

United States

After successive increases over the preceding year of more than 60 percent in 1951 and 47 percent in 1952 to the highest level since 1919, exports of newsprint from the United States in 1953 slumped drastically to but 46,700 tons or only 45 percent of the volume in the year before. On a regional basis, nearly 62 percent of the newsprint exported from this country in 1953 went to Latin America and almost 36½ percent was destined for Asia while the balance very largely went to Africa. Europe in 1953 was not a market for United States newsprint in contrast to the 9,100 tons which had been exported thereto in 1952.

Exports to Latin America of 28,900 tons were 57 percent less than in 1952 and nearly 85 percent thereof was distributed as follows: Mexico, 8,800 tons; Brazil, 7,800 tons; Venezuela, 3,800 tons; Colombia, 2,300 tons and Peru, 1,800 tons. Quantities in all foregoing instances—except for Venezuela with volume identical in both years—were below 1952 levels with the 56 percent decline recorded in exports to Mexico the most pronounced. Exports to Argentina and Chile were nil in 1953 in contrast to shipments thereto of 12,400 tons and 4,600 tons respectively in the preceding year.

A 5,000-ton increase over 1952 in exports to the Philippines only partially negated the decline in shipments to other Asiatic countries with the result that overall exports to that continent in 1953 were 20 percent less than in the preceding year. Other than the 16,400 tons shipped to the aforementioned country, only 200 tons went to Malaya, 100 tons to Japan and 300 tons to all other destinations within this area.

Considered as a unit, Canada and the United States in 1953 exported a total of 504,700 tons of newsprint paper to other countries throughout the world. At the same time, however, there occurred a cross movement to this area of 164,100 tons so that net exports amounted to 340,600 tons. This export balance was roughly 15 percent less than that which had existed in 1952 and nearly 45 percent below the postwar crest of 614,000 tons attained in 1947. Nevertheless, net exports in the year under review were at an appreciably higher level than comparable figures of 202,000 tons and 87,000 tons in 1951 and 1950.

Finland

Although overshadowed in the export field by Canada to a considerably greater degree than is the United States insofar as output is concerned, Finland continues to be the world's second largest supplier of newsprint to consumers beyond her territorial limits.

Finland's contribution to international trade in newsprint—which involved nearly 90½ percent of her output—reached a postwar peak of 443,300 tons in 1953. While the increase over the previous post World War II high of 1952 amounted to not quite 10,000 tons or slightly in excess of 2 percent, the some 456,000 tons exported in 1939 yet remained the alltime standard. Although shipments to Western Hemisphere destinations were lower than in 1952, the movement of Finnish newsprint to this area in 1953 amounted to 225,600 tons and represented slightly more than one-half of total exports while the 156,800 tons which went to European countries exceeded the preceding year's volume by about 10 percent. The balance of 60,800 tons was exported to the extent of 43,700 tons to Asia, 9,100 tons to Australia, 7,300 tons to Africa and 800 tons to unspecified destinations.

Since 1946 the United States has constituted Finland's major individual market and the 144,500 tons exported thereto in 1953 represented about 32½ percent of her external trade in newsprint. The volume thereof was approximately 19,000 tons or 11½ percent below the postwar high of 163,400 tons exported in 1952 and about 8 percent less than in 1951 although the 1950 level was exceeded slightly. Exports to Latin American destinations totaled 81,100 tons and were 10,800 tons lower than in 1952 and also were 14,500 tons below shipments to this region in 1951. Not far from three-quarters thereof consisted of exports to Brazil and Argentina—34,400 tons and 24,900 tons respectively with those to the former about 4½ percent above and to the latter 39 percent below the 1952 level. Other recipients of appreciable quantities with 1952 tonnages shown in parentheses were the following: Mexico, 6,600 tons (11,100 tons); Peru, 5,200 tons (1,600 tons); Uruguay, 3,800 tons (2,600 tons) and Chile, 2,100 tons (700 tons).

Finland in 1953 supplied its European neighbors with a larger quantity of newsprint than in any of the preceding 3 years. Despite a 43-percent drop from 1952 in exports to the United Kingdom, the 45,600 tons shipped thereto in 1953 served to maintain it as Finland's premier market in this area. Distribution of substantial quantities elsewhere in Europe was as follows: Denmark, 28,900 tons;

Western Germany, 24,300 tons; France, 10,200 tons; Belgium, 9,700 tons and the Netherlands, 7,800 tons. In all five instances exports were above 1952 levels and in some cases very substantially so. A development of some interest was the resumption of shipments to Russia which involved a total of 10,800 tons for the year as a whole.

The increase over 1952 in exports to Africa was an impressive 92 percent but in total this movement amounted to only 7,300 tons compared with 12,600 tons in 1950. Almost 92 percent thereof was composed of shipments to Egypt which totaled 6,700 tons and were 4,000 tons greater than in 1952. India and Pakistan combined made up the largest Asiatic market for Finnish newsprint in 1953 and the 21,700 tons exported thereto was almost twice the preceding year's volume. Despite a decline from 10,100 tons in 1952 to 9,700 tons in 1953, China (including Hong Kong) was Finland's next best customer in Asia while shipments to Turkey and the Philippines amounted to 3,800 tons and 2,300 tons respectively. Exports to Australia recovered to 9,100 tons from the 5,800 ton low in 1952 but nevertheless remained below the 1951 and 1950 levels. The regional distribution of Finland's exports during the years 1953–50 is summarized in the table which follows

Exports of newsprint from Finland

[Thousand short tons]

	1953	1952	1951	1950
United States	144.5	163.4	157.5	142.0
Latin America	81.1	91.9	95.6	86.4
Europe	156.8	142.0	135.7	140.1
Africa	7.3	3.8	3.8	12.6
Asia	43.7	26.6	15.1	23.6
Australia	9.1	5.8	13.9	10.3
Others	.8			
Total	443.3	433.5	421.6	415.0
Percent of production	90.4	90.6	91.5	91.4

Sweden

In the face of a rise to an alltime peak in Sweden's output of newsprint, exports of this commodity receded slightly from the postwar high of 1952, consequently the ratio to production declined to a little more than 61 percent in 1953 from 63 percent in the preceding year. Notwithstanding this drop, the exports to production ratio in 1953 remained above that in 1951 and also was considerably higher than the prewar average. Exports to all destinations last year aggregated 227,700 tons and while 2,000 tons less than in 1952 they were 8,700 tons above the 1951 level.

In 1953 there was shipped a total of 68,700 tons of newsprint to the United States and Latin America combined, of which 15,600 tons went to the former and 53,100 tons to the latter. The postwar high point in exports to the United States had been the 69,900-ton volume thereof in 1948 and except for a temporary reversal in 1951 the trend has been downward ever since with the tonnage in the latest year but little more than one-fifth that of 5 years ago. Exports to the Latin American area were nearly 29 percent higher than in 1952 but were, on the other hand, substantially below the levels prevailing in 1951 and 1950. Within this region, the best markets for Swedish newsprint were provided in 1953 by Brazil, Uruguay, and Argentina with corresponding quantities of 28,000 tons, 12,000 tons, and 4,400 tons. Relative gains over the preceding year were 74 percent, 12 percent, and 2,100 percent, respectively.

Compared with 1952, Sweden's exports to European countries in 1953 fell off by 22 percent. In the aggregate these amounted to 100,000 tons of which 35,000 tons went to the United Kindgom, 19,700 tons to Western Germany, and 15,500 tons to Denmark. In all foregoing instances exports were under the 1952 level with respective decreases as follows: 20,600 tons or 37 percent, 700 tons or 3 percent, and 3,600 tons or 19 percent. Tonnage in appreciable volume also went to Italy (8,100 tons), France (6,900 tons), Spain (4,500 tons), and Portugal (4,200 tons). Except for France to which shipments declined by 7,000 tons from the preceding year exports to the other countries listed exceeded 1952 quantities.

Egypt was the destination of 6,600 tons or 60 percent of the 11,000 tons of newsprint exported to the African Continent in 1953 while shipments of 200 tons to the Union of South Africa, and 4,200 tons to all other points accounted for the

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balance. Exports to Egypt and the all other group were 57 percent and 56 percent greater, respectively, than in 1952 while shipments to the Union of South Africa were less than one-tenth of the preceding year's volume. Exports to Asia totaled 19,500 tons and were almost one-third higher than in 1952. The most important Asiatic markets were India and Pakistan, Turkey and Indonesia to which, in the order named, went 7,300 tons, 5,400 tons, and 3,100 tons with respective increases over 1952 of 38 percent, 26 percent, and 121 percent. Second only to the United Kingdom, Australia represented the next most important market for Sweden's newsprint. The 28,200 tons shipped thereto in 1953 was more than 50 percent greater in volume than in 1952 and accounted for 12 percent of her export trade in this commodity. The regional distribution pattern of newsprint exported from Sweden during the 4 most recent years is shown in the following tabulation:

Exports of newsprint from Sweden

[1,000 short tons]

	1953	1952	1951	1950
United States	15.6	17.7	27.5	19.3
Latin America	53.1	41.3	69.1	76.7
Europe	100.0	128.0	70.6	71.8
Africa	11.0	9.2	7.9	10.6
Asia	19.5	14.7	13.4	9.7
Australia	28.2	18.7	30.5	32.3
Others	.3	.1		3.5
Total	227.7	229.7	219.0	223.9
Percent of production	61.2	63.0	59.9	62.6

Norway

A volume of exports of newsprint from Norway minutely below the level of 1952 failed to reflect that country's higher output in 1953 relative to that in the preceding year. Thus the ratio of exports to production declined to 80½ percent from more than 84 percent in 1952. Norway's external shipments in 1953 amounted to 145,600 tons and although but 200 tons less than in 1952 extended the downward trend through the fourth successive year. Over that 4-year span exports declined by 12 percent or an average annual decrease of only 3 percent.

The total quantity destined for the Americas in 1953 amounted to 29,400 tons, of which only 3,200 tons went to the United States while 26,200 tons went to Latin America. There was no significant change from 1952 levels with exports to the former destination down by 600 tons and up by half as much in the case of the latter. Shipments to Chile, Brazil, and Argentina combined accounted for 88 percent of the exports to Latin America and in the order named amounted to 8,600 tons, 8,300 tons and 6,200 tons. Only in the case of the first-mentioned country was the quantity larger than in 1952—76 percent—with respective declines of 19 percent and 16 percent in the other 2 instances. The next largest recipients of Norwegian newsprint in this region were Colombia and Peru with 1,800 tons shared equally between them.

Exports from Norway to other European countries in 1953 of 62,400 tons were but 1,300 tons larger than in the preceding year although the volume thereof was, on the other hand, 15,100 tons or 32 percent greater than in 1951. All but the 10,500 tons which went to the United Kingdom was shipped to the Continent and, compared with 1952 volume, exports to the former destination declined by 6,600 tons while those to the latter rose by 7,900 tons. The major mainland markets and the quantities absorbed by each were as follows: Denmark, 16.500 tons; Western Germany, 15,200 tons; Belgium, 6,800 tons; France, 6,700 tons; and Portugal, 4,100 tons. Increases of 7,000 tons, 6,300 tons, and 1,300 tons from the 1952 level were recorded in exports to Denmark, Western Germany, and Belgium, respectively, while shipments to Portugal and France were lower by 3,800 tons and 3,200 tons.

Exports to Africa amounted to 9,600 tons and were more than one-third less than in 1952 due to the precipitous drop in shipments to the Union of South Africa which totaled only 2,400 tons in 1953 compared with 11,000 tons in the preceding year. Exports to Egypt of 3,500 tons were but negligibly lower in quantity than in 1952 while shipments of 3,700 tons to all other African destinations rose by 2,800 tons. Mainly because of a substantial rise in exports to India and Pakistan and Malaya—the former being Norway's major customer in Asia—

overall shipments to that region of the world rose from 27,700 tons in 1952 to 40,100 tons in 1953. The 23,400 tons exported to India and Pakistan represented a gain of 7,900 tons over 1952 while shipments to Malaya amounted to 5,300 tons or 3,800 tons more than the year before. China (including Hong Kong) was the destination of 4,800 tons or 2,000 tons less than in 1952 while the 1,800 tons shipped to Indonesia represented a gain of 100 percent over the preceding year. For the second successive year exports to Australia fell off very substantially and at 3,700 tons in 1953 were approximately but one-third of the 1952 volume and only about one-fifth that in 1951 when this country had been Norway's largest external market.

The manner of regional distribution of Norway's exports of newsprint paper during the latest 4 years is shown in the tabulation which follows:

Exports of newsprint from Norway

[Thousand short tons]

	1953	1952	1951	1950
United States	3.2	3.8	9.6	3.2
Latin America	26.2	25.9	40.2	51.1
Europe	62.4	61.1	47.3	53.1
Africa	9.6	15.5	6.5	9.3
Asia	40.1	27.7	31.2	24.1
Australia	3.7	11.6	17.0	4.5
Others	.4	.2	.1	12.8
Total	145.6	145.8	151.9	158.1
Percent of production	80.5	84.2	84.5	88.8

United Kingdom

Largely traceable to considerably larger shipments than in 1952 to Australia and New Zealand, exports of newsprint from the United Kingdom—confined almost entirely to British Commonwealth and Colonial areas—exceeded the preceding year's volume by 57,300 tons or 69 percent and attained the postwar high of 139,800 tons in 1953. Approximately three-quarters of the total went to Australia and New Zealand with 83,400 tons shipped to the former and 21,300 tons to the latter compared with 46,300 tons and 10,100 tons respectively, in 1952. Next in order of importance were exports of 17,800 tons to the Union of South Africa, 5,900 tons to India and Pakistan and 5,600 tons to Ireland. Respective quantitative increases over 1952 amounted to 500 tons, 3,600 tons, and 4,300 tons.

Other countries

Except for those already discussed, there were but 3 other countries known to have exported in excess of 10,000 tons of newsprint in 1953, i. e., Austria whose contribution to world exports amounted to 61,100 tons while the Netherlands and Belgium shipped 32,500 tons and 11,200 tons beyond their respective borders in the year under review. Exports from Austria were 10 percent larger than in 1952 and more than 65 percent thereof went to neighboring countries in Europe while 17½ percent went to Asia and 13 percent to Latin America. Western Germany was by far the largest export market for Austrian newsprint with a total of 25,500 tons shipped thereto while the next largest recipients were Brazil with 5,100 tons and Italy with 4,800 tons. Nearly 85 percent of the Netherlands' exports or 27,500 tons were destined for nearby Belgium and Western Germany with 24,400 tons thereof going to the former and 3,100 tons to the latter. This movement in both instances involved somewhat larger quantities than in 1952. Relatively small tonnages also went as far afield as Indonesia and Brazil. Other than the 100 tons which went to Africa, Belgium's exports were limited to Europe with those to the Netherlands accounting for all but 3 percent of the intra-continental shipments.

SUMMARY OF WORLD EXPORTS

A summation of the data on hand, as hereinbefore discussed, in addition to shipments from minor exporting countries indicates that known world exports of newsprint in 1953 amounted to the record total of 6,503,200 tons. However, the increase over 1952 amounted to only 65,600 tons or 1 percent and represented the smallest year-to-year gain since the end of World War II. Despite a small decline in volume as compared with 1952, more than four-fifths of the tonnage comprising this global movement originated in Canada and the United States

although it very largely involved the flow of this commodity from the former to the latter. Exports from Finland, Sweden, and Norway in the aggregate amounted to 816,600 tons and represented about 12½ percent of the world total while other European countries accounted for 259,900 tons or 4 percent.

Exports to the United States from all sources reached the all-time peak of 5,080,500 tons in 1953 although the margin of increase was not quite 1 percent over the hitherto record level of 5,036,300 tons in 1952. Canada was the source of 4,917,200 tons or approximately 97 percent of total exports to the United States while the balance of 163,300 tons originated in Europe. Canada's exports to this market topped by 66,200 tons the previous peak volume in 1952 while shipments thereto from Europe fell off by 22,000 tons from the preceding year.

Latin America

The quantity of newsprint supplied by external sources to the Latin American region of the world totaled 359,400 tons in 1953 and was not only 54,500 tons less than in the preceding year but also was 18,800 tons lower than in 1951. The major factor in the drop from 1952 was a considerably lower level of shipments from the United States although those from Canada and Europe also were off from the preceding year. For the second successive year North America was the origin of more than half of total exports to this area—187,400 tons—although Europe increased its 1952 proportion of 44 percent to 48 percent in 1953, which increase, however, left it yet well below its 1951 ratio of 57½ percent. The Scandinavian countries as a unit accounted for 160,400 tons or 93 percent of the exports of European origin and actually recorded a slight improvement over their comparable 1952 performance although when measured against the 1951 yardstick there still remained a shortfall of more than 35,000 tons.

Based on volume of newsprint shipped thereto, Brazil represented the principal export market for this commodity in the Latin American region and was followed by Mexico and Argentina with respective quantities of 101,400 tons, 72,400 tons, and 38,900 tons. An increase over the preceding year of 16,500 tons in exports to the first named, coupled with a decline of 19,800 tons in shipments to Mexico resulted in a reversal of the 1952 order of rank of these countries. Total exports to Argentina despite a drop of more than 50 percent from the year before—induced largely by exchange difficulties and generally unsatisfactory economic conditions—were nevertheless large enough in volume to enable that country to retain its 1952 position as the third largest market. Other countries receiving substantial quantities were as follows: Cuba, 25,600 tons; Uruguay, 24,400 tons; and Colombia, 20,500 tons, with only the first-mentioned showing any significant change from 1952—a decrease of 9,800 tons.

Europe

Insofar as information is available, the movement of newsprint into Europe and across national boundaries therein amounted to 584,200 tons in 1953 and while only 2,200 tons more than in 1952 it was 169,700 tons greater in volume than in 1951. Intracontinental shipments totaled 409,000 tons and were down by 3,300 tons from 1952 while external sources supplied an additional 175,200 tons or 5,500 tons more than in the preceding year. Circumstantial evidence indicates that the aforesaid total included 4,200 tons of newsprint which may have originated within the Communist sphere while more definite information is to the effect that 11,800 tons were exported thereto from this side of the Iron Curtain—very largely from Finland to Russia. Whatever similar movement originating in and confined to that section of the world may have occurred is of course not known.

By far the most important export market in Europe was the United Kingdom with shipments thereto from all sources aggregating 251,300 tons as compared with the postwar peak of 299,900 tons in 1952 while exports to Ireland amounted to 23,900 tons and also were below the preceding year's level of 26,200 tons. Nearly 63 percent of total exports to the United Kingdom or 158,100 tons—27,100 tons more than in 1952—originated in Canada while the Scandinavian countries, except for the 2,100 tons shipped from Austria, supplied the balance. The larger volume of shipments from Canada as compared with 1952 was in marked contrast to the curtailed exports to Britain by other suppliers as a result of restrictions imposed by that country's government.

The next largest export market in Europe and the most important on the mainland was Western Germany, to which went a total of 93,500 tons of newsprint or 25,400 tons more than in 1952. This rapidly expanding market which only 2 years ago absorbed but 40,600 tons was supplied by a total of 8 external sources, the most important of which were Austria, Finland, Sweden, and Norway in the order named. On the receiving end of other substantial exports—all of continental

origin—were Denmark with 60,900 tons, Belgium with 43,700 tons, and France with 24,300 tons compared with 1952 respective quantities of 57,900 tons, 33,900 tons, and 35,100 tons.

Africa

Following the moderate rise in exports to Africa in 1951 from the preceding year and a further much larger increase in 1952 to the alltime high level of 97,300 tons, this trend was reversed in 1953 with shipments to that continent aggregating 80,400 tons or 17 percent less than in the year before. A decline of 37 percent from the preceding year's volume in exports to the Union of South Africa—the continent's largest consumer of newsprint—was partially offset by an increase of 49 percent in shipments to other destinations.

Canada and Scandinavia each were the origin of nearly 35 percent of total exports to Africa in 1953 while the United Kingdom accounted for 27 percent thereof with other European countries contributing most of the remainder. Exports from Canada of 28,000 tons were 13,500 tons less than in 1952 while Scandinavian shipments of 27,900 tons were off only 600 tons and those from the United Kingdom of 21,900 tons rose by 2,500 tons. Exports to Africa from the United States which in 1952 had totaled 6,300 tons dwindled to but little more than one-tenth of that volume in 1953. The Union of South Africa was the destination of 47,700 tons or 59 percent of total exports to Africa while 17,000 tons went to Egypt and 15,700 tons elsewhere throughout the continent.

Asia

Data available indicate that exports to Asia from all reporting sources aggregated 181,900 tons in 1953 and were 52,500 tons greater than in the preceding year and also exceeded those in 1951 by 28,800 tons. Scandinavia was the main source of exports to Asia and shipments therefrom of 103,300 tons in 1953 represented nearly 57 percent of this overall movement while other European countries, insofar as is known, were the origin of 22,600 tons or more than 12 percent of the total. Of the 51,200 tons supplied by North America, approximately two-thirds came from Canada and one-third from the United States. The only known intracontinental exports were those of 4,800 tons from Japan which very largely went to the Republic of Korea. The volume of shipments from Scandinavia was 34,300 tons greater than in 1952 and from elsewhere in Europe 12,800 tons larger while North America and Japan recorded gains of 2,900 tons and 2,500 tons, respectively.

The major destinations of newsprint exported to this region of the world and the tonnages shipped thereto in 1953 and in the preceding year were the following: India and Pakistan, 74,200 tons and 55,800 tons in 1952; the Philippines, 25,200 tons and 16,900 tons; China (including Hong Kong), 20,200 tons and 19,100 tons, and Japan, 18,000 tons and about 5,000 tons.

Australia, New Zealand, Hawaii

In total, exports to Australia in 1953 amounted to 158,000 tons and were not only 31,300 tons greater than in 1952 but also were slightly above the level of 2 years ago. On the basis of exports thereto, Australia's supply from external sources came to the extent of 83,400 tons or 53 percent from the United Kingdom, 33,300 tons or 21 percent from Canada, and 28,200 tons or 18 percent from Sweden, while Finland and Norway supplied most of the balance. Exports from the United Kingdom and Sweden, were 80 percent and 51 percent greater, respectively, than in 1952 while those from Canada fell off by 18 percent. Exports to New Zealand amounted to 38,000 tons and were 5,800 tons below the 1952 level. Except for the few hundred tons shipped from Norway this market was supplied entirely by the United Kingdom and Canada whose respective exports of 21,300 tons and 16,300 tons represented 56 percent and 43 percent of the total. In the case of the first-named source there was a gain of 111 percent over the preceding year while shipments from the latter recorded a decline of 51 percent. The only reported exports to Hawaii were those from Canada which in 1953 attained the postwar peak of 12,100 tons and exceeded the 1953 volume by 4,400 tons.

REGIONAL INDICATED SUPPLY

Insofar as producing countries are concerned, the newsprint supply data as recorded hereafter are based on domestic output plus imports, minus exports. In the case of nonproducers, import data are used wherever available, otherwise reported exports to a given country are assumed to be equivalent to imports. These data can be considered only an approximation of the volume of consumption since additions to or withdrawals from consumers' and producers' inventories

are not reflected therein. Recorded in table III is indicated world supply on a regional basis in the 3 most recent years and the 1936–38 average. Global supply in 1953 as shown therein amounted to not far from 10,900,000 tons and was 2 percent greater than in 1952 and one-third larger than prewar. The most noteworthy feature thereof is the expansion of North American supply relative to that in the years 1936–38 and which in 1953 was nearly 66 percent greater than the average in the earlier period. Also of some significance is the fact that despite steady growth in recent years the supply of newsprint available to Europe still remained 12 percent lower in 1953 than the average in the 3 years preceding the outbreak of World War II.

North America

Indicated newsprint supply in the United States and Canada in 1953 amounted to 6,387,500 tons and while slightly lower than in both preceding years it nevertheless showed an increase of more than 2,500,000 tons over the 1936–38 average. As a proportion of the world total, the combined supply of these two countries stood at 58.6 percent in 1953 compared with 60.5 percent in 1952 and 62.6 percent in 1951. Notwithstanding the aforementioned decline, the current ratio is at a considerably higher level than the comparable prewar figure of 47.2 percent.

Indicated North American supply

[Thousand short tons]

	1953	1952	1951	Average, 1936–38
United States	6,041.4	6,078.4	6,013.4	3,664.0
Canada	346.1	359.6	404.2	188.3
Total	6,387.5	6,438.0	6,417.6	3,852.3

Although the figures above, by themselves, might seem to indicate otherwise, consumption of newsprint in the United States was about 2½ percent greater in 1953 than in 1952 with the record usage made possible in part by a drawing down of accumulated inventories of producers and consumers.

It is estimated that in 1954 the United States and Canadian newsprint manufacturing capacity will be about 320,000 tons greater than in 1953 as a result of continuing improvements and expansion of existing plants and the coming into operation of a new mill while still further additions thereto are underway and should become effective in succeeding years. Thus North American producers continue to improve their ability to take care of increased demand whether on this continent or elsewhere.

Latin America

With this region's indigenous production in 1953 amounting to only 12½ percent of indicated total supply, Latin America continues to be largely dependent on imports to satisfy its newsprint requirements. This area's reported newsprint capacity for 1953 of 100,000 tons—utilized, however, only to the extent of 53 percent—is broken down as follows: Brazil, 45,000 tons, Argentina, 33,000 tons (based on 8-hour-per-day operation); and Chile, 22,000 tons. Further expansion of Brazil's capacity, by perhaps 100,000 tons annually, is reportedly being planned while substantial progress is being made in Chile toward realization of plans to build a mill capable of turning out some 40,000 tons per year and which, when completed, would result in the creation of an exportable surplus of newsprint. If Argentine facilities were to be fully utilized on a 24-hour-day schedule—normal operation for most newsprint mills—the capacity of that country would be raised to about 100,000 tons per annum. The foregoing in conjunction with still other reports of additional newsprint projects under consideration in other countries in this area is indicative of the possible growth in productive potential which, if realized, would tend to reduce its dependence on external sources of supply.

Indicated Latin American supply

[Thousand short tons]

	1953	1952	1951	Average 1936–38
Argentina	40.6	102.2	121.6	159.7
Brazil	149.6	134.2	125.7	50.7
Mexico	73.3	91.4	57.4	27.6
Cuba	27.2	35.4	27.3	15.0
Chile	24.6	23.8	26.0	20.7
Uruguay	24.4	24.6	22.4	13.3
Other	83.4	80.1	76.1	39.0
Total	423.1	491.7	456.5	326.0

The figures for Argentina indicate a drastic decline of 60 percent from the 1952 level in new supply available in the years 1936–38. However, actual consumption in 1953 has been estimated at about 75,000 tons—approximately 35,000 tons more than new supply and only slightly less than usage in 1952—and was made possible by a large-scale liquidation of inventories.

Europe

Indicated new supply of newsprint for Europe other than Russia continued to expand and was 5 percent greater in 1953 than in the preceding year, which rate of increase was, however, only about half that shown in 1952. As noted previously the current level thereof remains below the average supply available in the years 1936–38 with the deficiency amounting to more than 300,000 tons. Europe also is a source of supply for other regions of the world and such exports aggregated 666,000 tons in 1953, which after allowance for similar movement thereto from external sources left it with a net export balance of not far from 500,000 tons.

Indicated European supply

[Thousand short tons]

	1953	1952	1951	Average 1936–38
United Kingdom	797.8	811.2	675.4	1,422.0
France	384.1	381.3	381.2	409.0
Germany	446.1	376.8	347.5	373.0
Sweden	144.4	134.9	146.6	89.3
Italy	150.5	129.9	113.9	71.0
Belgium	88.3	87.4	87.6	83.3
Netherlands	94.1	77.3	83.4	108.0
Switzerland	53.5	55.2	53.9	46.7
Denmark	61.0	53.8	51.9	56.3
Other	350.8	333.9	287.4	249.4
Total	2,570.6	2,441.7	2,228.8	2,908.0
Russia	495.8	465.0	448.3	225.3

The greatest relative improvement in supply over 1952 was shown by the Netherlands with a gain of 22 percent, while Germany and Italy also recorded increases of 18 percent and 16 percent, respectively. As is readily apparent from the figures above, the major deficit nation as compared with 1936–38 is the United Kingdom although France and the Netherlands also have failed to regain the average levels of those years.

European newsprint capacity also continues to grow and on the basis of announced projects it appears likely that over the next few years perhaps a half-million tons will be added thereto, principally in Scandinavia.

Africa

Africa's newsprint requirements are relatively modest and since this commodity is not produced therein external sources are drawn upon to satisfy its needs. As a wartime expedient small quantities had been produced in Egypt but such activity terminated following the end of hostilities. Although earlier postwar projects for the production of newspring in Egypt have failed to materialize, official approval has reportedly been accorded the construction of a new paper

mill which is to use native raw materials. Perhaps 10,000 tons of the output thereof is to consist of newsprint. The eastern Transvaal newsprint project originally considered some years ago has reportedly been shelved for the time being but might possibly be revived in the future.

Indicated African supply

[Thousand short tons]

	1953	1952	1951	Average 1936–38
Union of South Africa	46.2	70.0	44.5	26.7
Egypt	16.3	14.9	20.4	10.0
Other	15.7	9.2	5.7	10.0
Total	78.2	94.1	70.6	46.7

Asia

As indicated by the partial information available, newsprint supply in Asia in 1953 was nearly 205,000 tons or 43½ percent greater than in the preceding year with 76 percent of the increase resulting from substantially higher native production. While the rise in supply was general throughout the continent, by far the most impressive gain was shown by Japan. For the first time since the end of World War II the quantity of newsprint available therein exceeded the average level in the years 1936–38 with the 1952 deficit from that period of 19,000 tons transformed to a gain of nearly 125,000 tons in 1953.

Indicated Asiatic supply

[Thousand short tons]

	1953	1952	1951	Average 1936–38
Japan	463.5	309.6	204.3	338.7
India and Pakistan	81.9	57.2	76.7	36.7
China [1]	45.2	40.1	49.6	70.7
Philippines	24.7	19.4	23.6	9.0
Turkey	15.1	10.2	11.2	4.3
Indonesia	8.4	5.8	11.1	3.7
Other	36.7	28.4	31.6	19.6
Total	675.5	470.7	408.1	482.7

[1] Includes Hong Kong.

Japanese newsprint capacity as of July 1, 1953 was reported to be 550,000 tons and it is anticipated that by October 1, 1954, it will have risen to 607,000 tons. As a result of this increase it is estimated that Japan's supply of newsprint in 1954 should amount to 530,000 tons or approximately 70,000 tons more than in 1953. The Nepa newsprint mill in India, under construction for some time, is expected to be operating by October 1954, and, if successful, its anticipated output of 30,000 tons per year should be equivalent to about 40 percent of current requirements of this commodity. For the more distant future, there are reports of other projects to be undertaken in India and Pakistan. No recent information as to the progress of the plan to build a paper mill—newsprint to be included in its output—on Mindanao Island in the Philippines is at hand.

Australia—New Zealand—Hawaii

As a result of increased domestic production, the supply of newsprint available in Australia in 1953 was 7 percent greater than in the preceding year while that of Hawaii was 57 percent higher than in 1952. New Zealand's new supply, on the other hand, showed a decline of 22 percent from the 1952 level.

Indicated Australian—New Zealand—Hawaiian supply

[Thousand short tons]

	1953	1952	1951	Average 1936–38
Australia	206.1	192.6	176.3	208.7
New Zealand	35.3	45.1	34.6	39.3
Hawaii	12.1	7.7	8.0	3.0
Total	253.5	245.4	218.9	251.0

The elimination of the power difficulty which had curtailed production of the one mill manufacturing newsprint in Australia has already been reflected in the increased output in 1953. Full utilization of this mill's facilities in 1954 should increase supply from this source by about 25,000 tons. It is anticipated that the mill being erected in New Zealand should begin to turn out newsprint about the middle of 1955 at an annual rate of more than 80,000 tons while future plans contemplate expansion to double this capacity some years later.

CONCLUSION

As in the preceding year, the global supply of newsprint paper in 1953 was in general sufficient to satisfy the appetite of the world's newspaper presses. This result was accomplished not because of any diminution in demand but was primarily due to growth in overall productive potential and in actual output.

That this state of affairs should prevail for the foreseeable future may be inferred from the fact that although current capacity has not been fully utilized, the growth thereof shows signs of continuing unabated for some time to come.

TABLE II.—*World production of newsprint paper*

[Thousand short tons]

Country	1953	1952	1951	Average, 1946–50	Average, 1935–39
Canada [1]	5,721.3	5,687.0	5,516.3	4,952.8	3,337.0
United States	1,084.0	1,146.9	1,124.7	875.6	908.0
United Kingdom	675.6	601.0	590.0	416.1	962.0
Finland	490.5	478.4	460.7	358.2	431.0
Japan	454.8	306.6	219.0	111.9	301.0
Sweden	372.1	364.6	365.6	324.5	293.0
France	358.9	352.7	354.9	246.9	347.0
Germany [2]	[3] 358.1	[3] 317.6	[3] 301.8	[3] 210.5	487.0
Norway	180.8	173.1	179.7	153.0	201.0
Italy	127.3	123.5	112.0	58.8	71.0
Netherlands	107.0	107.1	101.2	66.2	100.0
Austria	92.4	82.2	84.2	58.6	50.0
Poland	[3] 60.0	[3] 57.0	[3] 55.0	43.1	34.0
Belgium	58.4	58.2	66.7	51.2	50.0
Switzerland	[3] 55.0	55.1	55.1	45.4	45.0
Czechoslovakia	[3] 55.0	[3] 53.0	[3] 51.0	43.0	43.0
Australia	50.4	36.2	34.6	35.1	----
Brazil	34.2	47.7	38.6	24.3	4.0
Spain	32.4	30.8	27.0	20.7	24.0
China	[3] 25.0	[3] 21.0	[3] 20.0	[3] 7.0	----
Chile	10.0	12.9	12.2	7.9	8.0
Hungary	[3] 10.0	[3] 10.0	[3] 10.0	[3] 8.8	3.0
Argentina	8.8	6.1	1.7	.4	----
Rumania	[3] 5.0	[3] 5.0	[3] 5.0	[3] 2.0	(?)
Formosa	4.5	(?)	(?)	----	----
Bulgaria	[3] 4.0	[3] 4.0	[3] 4.0	[3] 1.6	1.0
Yugoslavia	3.6	.6	----	[3] 1.3	----
Turkey	3.3	4.3	6.7	3.6	----
Portugal	2.3	2.1	2.8	2.9	----
Korea [4]	[3] 1.5	[3] 1.5	[3] 1.5	1.1	(?)
Denmark	.2	.2	.2	.1	----
Mexico	----	----	----	----	4.0
Russia [5]	[3] 485.0	[3] 465.0	[3] 450.0	[3] 274.0	221.0
Total	10,931.4	10,611.4	10,252.2	8,406.6	7,925.0

[1] Includes Newfoundland.
[2] Includes estimated production in Eastern Germany as follows: 1953, 135,000 tons; 1952, 127,000 tons; 1951, 123,000 tons; 1946–50 average, 95,000 tons.
[3] Estimated.
[4] South of the 38th parallel.
[5] Includes Estonia, Latvia, and Lithuania.

TABLE III.—*Indicated world supply*

[Thousand short tons]

	1953	1952	1951	Average 1936–38
North America	6,387.5	6,438.0	6,417.6	3,852.3
Latin America	423.1	491.7	456.5	326.0
Europe (other than Russia)	2,570.6	2,441.7	2,228.8	2,908.0
Russia	495.8	465.0	448.3	225.3
Asia	675.5	470.7	408.1	482.7
Africa	78.2	94.1	70.6	46.7
Australia, New Zealand, Hawaii	253.5	245.4	218.9	251.0
Other and in transit	8.7	.5	3.4	72.3
Total	10,892.9	10,647.1	10,252.2	8,164.3

TABLE IV.—*Indicated per capita newsprint consumption, by leading per capita consuming countries*

[Pounds]

Country	Average, 1935–39	Average, 1946–49	1950	1951
United States	55.1	67.2	77.2	77.4
Canada	34.8	44.8	51.8	51.4
Sweden	30.4	40.8	39.9	41.2
Australia	53.6	42.5	44.8	39.9
New Zealand	46.3	32.6	31.5	38.8
United Kingdom	58.2	19.8	28.7	26.2
Denmark	30.6	23.4	27.6	23.6
Switzerland	15.9	20.7	21.6	22.7
Belgium and Luxembourg	19.8	15.2	19.2	19.4
Norway	6.6	15.9	14.8	18.1
France	19.4	11.0	15.7	17.6
Ireland	18.5	13.9	19.6	16.8
Uruguay	13.0	14.1	15.0	[1] 16.8
Netherlands	25.1	11.7	14.3	16.3
Finland	19.2	17.4	13.2	15.2
Argentina	[2] 27.8	[1] 17.4	[1] 13.0	[1] 14.3
Iceland	5.5	11.7	12.3	12.1
Hong Kong		7.1	8.2	11.7
Cuba	7.1	9.9	13.2	11.5
Austria	[3] 8.2	8.2	8.6	9.3
Germany [4]	10.1	[5] 5.5	9.3	9.0
Chile	8.4	8.8	11.7	9.0
Puerto Rico	2.9	7.7	6.6	[1] 7.5
Union of South Africa	7.3	8.2	6.8	[1] 7.1
Panama	3.7	8.2	6.6	5.7
Venezuela	2.0	4.2	4.6	5.7
Trinidad and Tobago	3.7	5.1	4.9	5.1
Italy	3.3	2.6	4.4	4.9
Costa Rica	3.1	4.0	4.6	4.9
Israel			5.3	4.9
Mexico	2.6	5.1	3.5	[1] 4.6
Japan [6]	6.6	2.9	3.5	4.0
Jamaica		[5] 8.2	3.3	3.5
Cyprus		2.4	3.7	3.5
Greece	3.7	3.7	4.0	3.3
Malta and Gozo		[5] 2.6	2.4	3.3
El Salvador	2.2	2.2	2.6	3.1
Portugal	[7] 3.3	3.1	3.1	2.9
Barbados		[5] 1.8	3.1	2.9
British Guiana		[5] 4.0	2.9	2.9
Peru	2.4	2.6	2.2	[1] 2.9
Colombia	1.8	2.9	3.7	2.6
Malaya	3.1	2.2	2.6	2.2
Philippines	2.2	2.2	2.6	2.2
Egypt	1.5	1.3	1.5	2.0

[1] Provisional or estimated figure.
[2] 1937.
[3] 1938–39 average.
[4] 1936–39 includes Saar. Beginning 1948, Western Germany and West Berlin.
[5] 1948–49 average.
[6] 1935–39 includes Korea and Taiwan. Not included is newsprint substitute known as Senka.
[7] 1936–39 average.

NOTE.—Figures in the above table represent a conversion from kilograms to pounds of data compiled by UNESCO. They reflect apparent consumption as indicated by production plus imports minus exports except for six countries in which changes in stocks are also taken into account beginning mostly with 1946.

WORLD PRODUCTION AND DISTRIBUTION

(Thousands Short

PRODUCTION		EXPORTE																								
Country	Tons	United States	Mexico	Cuba	West Indies	Venezuela	Brazil	Argentina	Chile	Peru	Uruguay	Colombia	Other So. America	Central America	United Kingdom	Ireland	France	Denmark	Belgium (1)	Netherlands	Italy	Hungary	Spain	Greece	Yugoslavia
Canada (a)	5,721.3	4,917.2	57.0	23.6	13.4	12.5	15.9		.7	3.1	8.1	15.8	1.5	6.9	158.1	13.7									
United States	1,084.0		8.8	1.2	.5	3.8	7.8			1.8		2.3	.4	2.3											
United Kingdom	675.6				.3											5.6								.3	
Finland	490.5	144.5	6.6	.8			34.4	24.9	2.1	5.2	3.8	.4	2.4	.5	45.6	2.9	10.2	28.9	9.7	7.8	2.7	.6	.5	6.2	4.6
Japan	458.8																								
Sweden	372.1	15.6			1.6	.8	28.0	4.4	1.9	.7	12.0	1.1	2.5	.1	36.0	1.5	6.9	15.5	1.4	.2	8.1		4.5	3.0	
France	358.9																								
Germany°	358.1(?)						.6	.9											1.3	.4			.1		
Norway	180.8	3.2			.1	.3	8.3	6.2	8.6	.9	.4	.9	.4	.1	10.5		6.7	16.5	6.8	.6			1.6	.3	
Italy	127.3																								
Netherlands	107.0				.1		.9						.5			.2	.2		24.4						
Austria	92.4						5.1	2.5			.1		.1	.1	2.1		.1			.4	4.8	.4		.7	2.9
Poland	60.0(?)																		.1	.1					
Belgium	58.4																.2			10.8					
Switzerland	55.0(?)																								
Czechoslovakia	55.0(?)						.4																		
Australia	50.4																								
Brazil	34.2																								
Spain	32.4																								
China	25.0(?)																								
Chile	10.0																								
Hungary	10.0(?)																								
Argentina	8.8																								
Rumania	5.0(?)																								
Formosa	4.5																								
Bulgaria	4.0(?)																								
Yugoslavia	3.6																								
Turkey	3.3																								
Portugal	2.3																								
Korea°°	1.5(?)																								
Denmark	.2																								
Egypt	-																								
Union of So. Africa	-																								
Indonesia	-																								
Pakistan	-																								
India	-																								
Mexico	-																								
Philippine Republic	-																								
New Zealand	-																								
Cuba	-																								
Russia***	485.0(?)																								
Total	10,931.4	5,080.5	72.4	25.6	16.0	17.4	101.4	38.9	13.3	11.7	24.4	20.5	7.8	10.0	251.3	23.9	24.3	60.9	43.7	20.3	15.6	1.0	6.7	10.5	7.5

(a) Includes Newfoundland.
° Includes Estimated Output in Eastern Germany of 135,000 Tons.
°° South of 38th Parallel.
x Includes Imports into Alaska, Hawaii and Puerto Rico.
*** Includes Estonia, Latvia and Lithuania.
(1) Includes Luxembourg.
(2) " Hong Kong.
(3) " Ceylon and Burma.

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BUTION OF NEWSPRINT PAPER - 1953

sands Short Tons)

EXPORTED TO																					TOTALS		
Spain	Greece	Yugoslavia	Portugal	Western Germany	Russia	Europe Not Specified	Egypt	Union of South Africa	Other Africa	Turkey	China (2)	Japan	India & Pakistan (3)	Malaya	Indonesia	Philippines	Other Asia	Australia	New Zealand	Hawaii	Not Specified	Exports	Imports	Indicated New Supply
				3.4				26.2	1.8		.4	16.8	9.8	.6		5.7	.9	33.3	16.3	12.1	.4	5,375.2	–	346.1
								.7				.1		.2		16.4	.3				.1	46.7	5,004.1x	6,041.4
	.3					.8		17.8	4.1				5.9					83.4	21.3		.3	139.8	262.0	797.8
.5	6.2	4.6	1.8	24.3	10.8	.2	6.7	.1	.5	3.8	9.7	1.1	21.7	.7		2.3	4.4	9.1			.8	443.3	–	47.2
																	4.8					4.8	13.5	463.5
4.5	3.0		4.2	19.7			6.6	.2	4.2	5.4	1.4		7.3	.6	3.1		1.7	28.2			.3	227.7	–	144.4
																					3.9	3.9	29.1	384.1
.1																						3.3(?)	91.3(?)	446.1(?)
1.6	.3		4.1	15.2		.1	3.5	2.4	3.7		4.8		23.4	5.3	1.8	.6	4.2	3.7	.4			145.6	–	35.2
																						–	23.2	150.5
				3.1				.1	.4				.1	.1	2.0			.3			.1	32.5	19.6	94.1
	.7	2.9	.8	25.5		2.2	.2	.2	.9	.9	3.9		3.2	.7	.3	.1	1.6				1.3	61.1	–	31.3
				2.2						.9												3.3(?)	(?)	56.7
				.1					.1													11.2	41.1	88.3
																					1.5	1.5	–	53.5(?)
													2.8			.1						3.3(?)	(?)	51.7(?)
																						–	155.7	206.1
																						–	115.4	149.6
																						–	7.2	39.6
																						–	20.2(?)	45.2(?)
																						–	14.6	24.6
																						–	1.0(?)	11.0(?)
																						–	31.8	40.6
																						(?)	(?)	5.0(?)
																						–	–	4.5
																						(?)	.4(?)	4.4(?)
																						–	11.4	15.0
																						–	11.8	15.1
																						–	13.7	16.0
																						–	4.6(?)	6.1(?)
																						–	60.8	61.0
																						–	16.3	16.3
																						–	46.2	46.2
																						–	8.4	8.4
																						–	5.4	5.4
																						–	76.5	76.5
																						–	73.3	73.3
																						–	24.7	24.7
																						–	35.3	35.3
																						–	27.2	27.2
																						(?)	10.8(?)	495.8(?)
6.7	10.5	7.5	10.9	93.5	10.8	3.3	17.0	47.7	15.7	11.0	20.2	18.0	74.2	8.2	7.2	25.2	17.9	158.0	38.0	12.1	8.7	6,503.2	6,256.6	10,684.8

Newsprint Service Bureau, August, 1954.

NEWSPRINT—LIST OF TABLES

1. United States consumption of pulpwood—Selected years, 1929–54.
2. United States newsprint capacity, 1949–53, and estimated, 1954–57.
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5. Newsprint, United States production, imports, exports, domestic consumption and inventories.
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7. Price trends in newsprint paper compared with other paper and all commodities.
8. United States wholesale newsprint price changes.
9. Average hourly earnings for the paper and pulp industry, 1935, 1939, 1947–54.
10. Trend of market wood pulp prices.

Prepared by the Forest Products Division, Business and Defense Services Administration, Department of Commerce (March 1955).

TABLE 1.—*United States consumption of pulpwood—Selected years 1929–54*

[In thousands of standard cords]

Year	Total	Softwoods	Hardwoods	Percent hardwoods of total	Year	Total	Softwoods	Hardwoods	Percent hardwoods of total
1929 [1]	7,645	6,745	900	11.8	1951	26,522	22,768	3,753	14.2
1939 [1]	10,816	9,776	1,040	9.6	1952	26,476	22,663	3,813	14.4
1947	19,345	16,796	2,549	13.2	1953	28,150	23,772	4,378	15.6
1948	21,189	18,491	2,699	12.7	1954	29,436	24,636	4,801	16.3
1949	19,945	17,330	2,615	13.1	Percent, 1954 over 1939	272	252	462	
1950	23,627	20,406	3,221	13.6					

[1] Estimates for breakdown into softwoods and hardwoods.

Source: Bureau of the Census. Prepared by Forest Products Division, BOSA, U. S. Department of Commerce (March 1955).

TABLE 2.—*United States newsprint capacity, 1949–53, and estimated 1954–57*

[Annual capacity in thousands of short tons]

Year	Thousands of tons	Year	Thousands of tons
1949	876	1955	1,510
1950	992	Increase in 1956 [1]	250
1951	1,050	1956	1,760
1952	1,165	Increase in 1957 [2]	125
1953	1,170	1957	1,885
Increase in 1954 [1]	160		
1954	1,330		
Increase in 1955 [1]	180		

[1] Includes small annual capacity increases through mill modernization, speedup, etc., in addition to new capacity resulting from tax amortization certificates.
[2] Includes announced plans of International Paper Co. for a 100,000-ton annual capacity plant at Mobile, Ala., plus expected increases in capacity through modernization, speedups, etc.

Source: Prepared by Forest Products Division, BOSA, U. S. Department of Commerce, 1949–53: American Newspaper Publishers Association; 1954–57: Estimated by Forest Products Division. (March 1955.)

TABLE 3.—*Production of newsprint in North America*

[1,000 short tons]

Year	Total [1]	United States	Canada	Newfoundland	Year	Total [1]	United States	Canada	Newfoundland
1954 [2]	7,176	1,192	5,984	[3]	1946	5,279	773	4,143	363
1953 [2]	6,790	1,069	5,721	[3]	1945	4,317	725	3,259	333
1952	6,796	1,109	5,687	[3]	1944	3,985	721	2,902	273
1951	6,624	1,108	5,516	[3]	1943	4,030	811	2,983	236
1950	6,292	1,013	5,279	[3]	1942	4,422	967	3,177	277
1949	6,092	918	4,732	444	1941	4,815	1,044	3,426	345
1948	5,850	876	4,601	362	1940	4,826	1,056	3,419	351
1947	5,653	833	4,447	373	1939	4,129	954	2,869	305

[1] Details may not add to total because of rounding.
[2] Preliminary.
[3] Data for Canada include figures for Newfoundland.

Source: United States, Bureau of the Census, U. S. Department of Commerce; Canada and Newfoundland, Newsprint Association of Canada. Prepared by the Forest Products Division BDSA, Department of Commerce (March 1955).

TABLE 4.—*Newsprint—United States imports by country of origin*

[In 1,000 short tons]

Source	1954 [1]	1953	1952	1951	1950	1949	1939
Total [2]	4,992	5,004	5,033	4,963	4,863	4,639	2,615
Canada [3]	4,864	4,841	4,850	4,756	4,690	4,382	2,305
Finland	122	145	162	160	144	151	195
Sweden	6	16	16	30	18	37	62
United Kingdom	[4]				[4]	35	1
Norway	[4]	3	4	9	4	30	43
France				5	2	2	3
All other countries			1	3	2	1	6

[1] Preliminary.
[2] Data do not necessarily add because of rounding.
[3] Includes Newfoundland.
[4] Less than 500 short tons.

Source: Bureau of the Census. Prepared by Forest Products Division, BOSA, U. S. Department of Commerce (March 1955).

TABLE 5.—*Newsprint—United States production, imports, exports, domestic consumption and inventories*

[In thousands of short tons]

Item	1954 [2]	1953	1952	1951	1950	1949	1939
Production	1,192	1,069	1,109	1,108	1,013	918	954
Plus imports	4,992	5,004	5,033	4,963	4,863	4,639	2,615
Total new supply	6,184	6,073	6,142	6,071	5,876	5,557	3,569
Minus exports	140	47	105	71	44	39	13
Net new supply [1]	6,044	6,026	6,034	6,000	5,832	5,513	3,556
Inventory change	−38	−64	+94	+97	−24	−10	+7
Apparent United States consumption	6,082	6,090	5,940	5,903	5,856	5,523	3,549

[1] Adjusted for imports which were reexported.
[2] Preliminary.

Source: Production, export, import data from Bureau of the Census; Inventory data from Newsprint Service Bureau and American Publishers Association. Prepared by Forest Products Division, BDSA, U. S. Department of Commerce (March 1955).

TABLE 6.—*United States exports of newsprint, 1929, 1939, 1947–54*

[Tons of 2,000 pounds]

Destination	1954	1953	1952	1951	1950	1949	1948	1947	1939	1929
Total	140,395	46,675	104,998	71,295	43,966	38,660	27,662	27,890	13,495	18,695
Europe	24,222	-------	9,087	8,970	1,561	780	979	2,560	137	457
Central America	6,133	2,332	2,146	2,003	2,076	1,652	931	1,747	1,842	879
Mexico	8,217	8,831	19,843	8,682	7,335	11,682	10,860	9,273	159	201
Cuba	2,834	1,244	2,732	895	1,843	1,040	1,227	1,711	1,342	1,772
West Indies	593	548	611	635	796	1,194	861	522	425	298
South America	66,724	16,064	42,989	19,516	6,697	4,491	1,251	1,040	1,698	7,488
Hong Kong	4,629	-------	-------	-------	80	111	78	33	445	70
India and Pakistan	1,152	-------	2,103	2,131	4,290	316	2,243	2,453	49	-------
Indonesia	3,265	-------	1,349	1,221	613	-------	24	143	28	21
Philippine Republic	15,939	16,384	11,429	19,065	18,342	15,194	7,201	6,470	3,265	4,583
Other Asia	2,988	510	6,308	6,653	51	1,720	1,307	1,369	3,925	2,533
Africa	1,342	662	6,326	1,058	18	131	384	516	150	-------
Others	2,357	100	75	466	264	349	316	53	30	393

Source: Bureau of Census. Prepared by the Forest Products Division, BDSA, Department of Commerce (March 1955).

TABLE 7.—*Price trends in newsprint paper compared with other paper and all commodities*

[Index 1947–49=100]

Period	Newsprint		Paper except newsprint, price index	All commodities, except farm and food, price index
	Price per ton	Price index		
January:				
1939	$50,000	52.2	[1] 57.5	57.3
1947	84,932	88.8	88.1	91.8
1948	93,375	97.6	100.4	102.0
1949	101,000	105.5	106.2	104.9
1950	101,000	105.5	102.0	100.4
1951	106,750	111.5	119.0	116.6
1952	116,750	122.0	123.1	114.3
1953	125,250	130.9	122.8	113.1
1954	125,750	131.4	125.3	114.6
1955	125,750	131.4	126.2	115.3
Percent increase:				
1954 over 1947	48.1	48.0	42.2	24.8
1954 over 1939	151.5	151.7	117.9	100.0

[1] Estimated.

Source: Bureau of Labor Statistics. Prepared by Forest Products Division, BDSA, U. S. Department of Commerce (March 1955).

TABLE 8.—*United States wholesale newsprint price changes 1929, 1939, 1947–55*

Period	Price	Period	Price
1929	$62.000	1950—November	$104.000
1939	50.000	—December	105.000
1947—January	84.932	1951—January	106.750
—April	88.932	—July	109.250
—July	89.450	—August	111.750
—August	90.375	—September	114.250
1948—January	93.375	—October	116.750
—February	94.750	1952—April	117.000
—March	96.250	—June	119.500
—August	99.000	—August	112.000
—September	100.000	—October	125.250
—November	101.000	1953—July	125.750
1949	[1]	1954	[1]
		1955—January	125.750

[1] No change.

Source: Bureau of Labor Statistics. Prepared by the Forest Products Division, BDSA, Department of Commerce (March 1955).

TABLE 9.—*Average hourly earnings for the paper and pulp industry, 1935, 1939, 1947–54*

1935	[1] $0.529	1949	$1.411	1952	$1.692
1939	.620	1950	1.482	1953	1.791
1947	1.224	1951	1.603	1954	[2] 1.843
1948	1.361				

Percent increase:

1954 over 1939	197.3
1954 over 1947	50.6

[1] Earliest data available.
[2] Estimated by Forest Products Division, BDSA.

Source: Bureau of Labor Statistics. Prepared by the Forest Products Division, BDSA, Department of Commerce (March 1955).

TABLE 10.— *Trend of market woodpulp [1] prices*

[Index—1947–49=100]

Period	Index	Period	Index	Period	Index
1939 (estimated)	33.5	1949	97.0	1952	111.5
1947	95.6	1950	95.6	1953	109.0
1948	107.3	1951	114.4	1954	109.7

[1] Weighted average of sulfate, sulfite, mechanical and soda.

Source: Bureau of Labor Statistics. Prepared by Forest Products Division, BDSA, U. S. Commerce Department.

Mr. KLEIN. Our next witness will be Mr. Mason, Director, Division of Timber Management, Department of Agriculture, Washington, D. C. You may proceed, Mr. Mason.

STATEMENT OF IRA J. MASON, DIRECTOR, DIVISION OF TIMBER MANAGEMENT, DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.

Mr. MASON. Mr. Chairman and gentlemen of the committee, I am Ira J. Mason, Director, Division of Timber Management, Department of Agriculture, Washington, D. C.

I would like to say, Mr. Chairman, that Mr. Josephson, Chief of the Division of Forest Economics in the Forest Service is here with me and that we have collaborated on the statement I am about to make.

Mr. Josephson, among other things, is in charge of the nationwide forest survey and keeps track of trends of consumption and production of timber.

We have entitled our statement "Timber resources for newsprint."

This statement has been prepared in response to a request of the subcommittee of the House Committee on Interstate and Foreign Commerce for information relating to possible development of newsprint production in the United States and Alaska. The statement deals primarily with questions of available timber supplies, although it is recognized that other factors of water supply, power costs, transportation facilities, and availability of labor are also a large significance in determining the economic feasibility of further expansion of the domestic newsprint industry.

In appraising the availability and prospective use of timber resources, it is also necessary to consider newsprint production in relation to output of other grades of paper and board. Production plans of the pulp and paper industry in the United States and Alaska will be determined only in part by the type and availability of pulpwood. Thus in the past competitive factors involving, for example, wood

supply, water and power facilities, and the duty-free status of newsprint have led to a concentration of newsprint production in Canada. At the same time the pulp and paper industry in the United States has found it more profitable to specialize in production of other grades of paper and board.

About 57 million tons of pulpwood was used by pulp mills in the United States in 1954, compared with 8.1 million tons of wastepaper, largely derived from wood, and about 1.2 million tons of straw, bagasse, and other fibrous raw materials. The cut of pulpwood in the United States, aggregating 27 million cords in 1954, has expanded to a point where this forest product now represents about 17 percent of the total timber cut in the United States, and the equivalent of about 30 percent of the lumber cut. Any large expansion of the pulp industry, thus will have substantial impacts on the forest resource.

The 27 million cords of domestic pulpwood consumed in 1954 represented about 70 percent of a total wood requirement of 38.4 million cords for all pulp, paper and board products used in the United States. The balance of 11.4 million cords came largely from Canada in the form of newsprint, pulp, pulpwood and other types of paper or board.

It is estimated that the long-sustained rise in requirements for pulp, paper, and board in the United States will continue and that by 1975 consumption of pulpwood to supply United States pulp and paper demands may total as much as 55 million cords. Assuming that the equivalent of 13 million cords of wood will then be imported annually from Canada in the form of newsprint and other products, this indicates an increased production of possibly 15 million cords annually of domestic pulpwood—or 56 percent more than the domestic cut in 1954.

Output of newsprint in the United States has required a relatively small part of the total pulpwood used. Thus, in 1954 production of 1.2 million tons required only 5 percent of the United States pulpwood cut. Total consumption of newsprint from both United States and Canadian mills—6.2 million tons in 1954—required nearly 8 million cords of wood, or roughly 21 percent of the total wood consumed in meeting total United States pulp, paper, and board requirements.

During the next two decades it is likely that expansion of newsprint consumption in the United States may require an additional several million cords of pulpwood. From a timber supply standpoint, some of these increased requirements for newsprint could be supplied by mills in the United States or Alaska. A part, possibly the major part, presumably will be obtained from mills in Canada.

The following sections of this statement indicate some of the possibilities for expansion of newsprint production in the United States and Alaska:

Southeast Alaska: The potentialities of southeast Alaska for pulp and paper production have been well publicized. They have been described to a number of congressional committees interested in various aspects of the newsprint supply problems over the last several years. The portion of southeast Alaska suitable for pulp timber production is practically all within the Tongass National Forest. This forest contains approximately 78 billion board-feet of timber, roughly an amount slightly less than the combined commercial timber stands on the national forests in Idaho, Montana, and Colorado.

The Tongass timber is the northerly extension of the great Pacific slope rain forests of Oregon, Washington, and British Columbia. Western hemlock is the predominant species comprising about 70 percent of the timber volume. Sitka spruce accounts for 25 percent, and Alaska yellow cedar and western red cedar make up the remaining 5 percent. The commercial timber is found in dense, heavy stands averaging around 20,000 board-feet per acre, but these stands are interspersed with patches of scrub timber and muskeg swamps. The outstanding climatic characteristic of the area is extremely heavy precipitation—around 150 inches per year at Ketchikan and 80 inches at Juneau. Otherwise the climate is cool and mild. A logging season of at least 10 months per year is available—considerably longer than in many logging areas of Washington, Oregon, and California.

Most of the commercial timber is on islands and the sheltered passages between them form a readymade main line transportation system. About 75 percent of the commercial timber stand is within 2½ miles of tidewater. Tremendous savings in transportation investments will result from the use of natural water transportation routes. Timber production on the Tongass Forest can be expanded to approximately 1 billion board-feet annually with the expenditure of only about $10 million for main access roads. No delays for advance construction of access roads will be encountered in development of the Tongass timber resources.

Adequate hydroelectric power can be developed close to the various potential plant sites at a reasonable cost. There is an abundance of pure fresh water for processing purposes. Plant sites adjacent to the developed towns of Juneau, Sitka, and Ketchikan are available. These and other locations have harbor and port facilities for coastal, intercoastal, or transocean shipping.

The Forest Service is committed to a policy of using Tongass National Forest timber resources for permanent development of the Territory. Regulations of the Secretary of Agriculture, based on statutes, require that timber cut from the national forests in Alaska be given primary manufacture within the Territory. The Forest Service has worked closely with agencies in the Department of the Interior which are directly charged with fostering the welfare of Alaska. Such agencies have expressed strong opposition to any relaxation in the regulations requiring primary manufacture of Alaska national forest timber within the Territory.

In addition to the circulation of news stories, proposals, and prospectuses on the possibilities for major pulp sales in Alaska, the Forest Service has systematically contacted pulp and paper company executives, newsprint consumers, and other industrial executives whenever any indication was obtained that such persons might have an interest in the development of a pulp or paper enterprise in Alaska.

There has been little opportunity for forest products from Alaska to compete in United States markets with products from the Pacific Northwest. Labor costs are higher in Alaska and shipping costs from Alaska to Puget Sound must be absorbed by producer. These handicaps have been controlling so long as there was an abundant supply of relatively low cost timber available for the forest products industry in western Oregon and Washington. The timber situation in these two States has changed in recent years. Large blocks of private timber are no longer available for purchase. Stumpage costs

have risen sensationally and costs of building the required roads to log the more remote national forest timber are high. Because of these circumstances the Forest Service believes the time has arrived where it is possible to develop a major pulp and paper industry in Alaska which can compete successfully in national and world markets.

The first major pulp plant in Alaska is now in operation at Ketchikan. The Ketchikan Pulp Co. is a joint venture of the Puget Sound Pulp & Timber Co. and the American Viscose Corp. The plant has a daily capacity of around 400 tons of dissolving pulp. It costs more than $50 million. The magnesium base sulfite process is used which practically eliminates discharge waste liquors and water pollution. The Ketchikan Pulp Co. has some 8 billion board-feet—a 50-year supply of pulp timber—under contract on the Tongass National Forest.

A second major development of an integrated lumber, plywood, and pulp industry in Alaska has been initiated. The Pacific Northern Timber Co., has been given a preliminary award on a Forest Service contract, advertised last year, covering an estimated 3 billion board-feet of timber in the vicinity of Wrangell. The company has qualified for final award, and the final contract will be executed soon. Under the terms of this contract Pacific Northern first will build a sawmill and related plants, to be followed by a moderate-sized pulp mill of approximately 100 tons daily capacity.

The Georgia Pacific Co., has a certificate of necessity for accelerated tax amortization for a substantial newsprint mill in the vicinity of Juneau. The Forest Service has had extensive discussions with Georgia Pacific Co. officials in regard to timber offerings on the Tongass Forest to supply such a plant. As a result of these discussions, the Forest Service plans to advertise this spring some 7.5 billion board-feet of timber near Juneau. Most of this timber is located on Admiralty Island. The offering will require the construction of a pulp mill near Juneau. The applicant plans to install a newsprint plant with an initial capacity of 500 tons daily, with provision for expansion of some 750 tons.

Establishment of a national park to include all of Admiralty Island is proposed in S. 450, introduced in this Congress. If that bill were enacted the Juneau pulp sale could not be made and the proposed Juneau newsprint mill would not be built. Some 9 billion board-feet of merchantable timber would be permanently reserved from cutting. There is strong sentiment in Alaska against the proposed Admiralty Island National Park on the grounds that the island should be developed for commercial timber production and that its scenic attractions are not of national park caliber.

Undoubtedly the committee will also be interested in the Japanese investigations of Alaska timber possibilities even though these inquiries do not relate directly to newsprint production.

Initial inquiry from the Japanese on possibilities of obtaining Alaskan timber to alleviate Japan's postwar shortages of forest products were made to the Forest Service in 1951. The Japanese proposed to produce logs with Japanese labor for shipment to Japan for manufacture. The Forest Service advised that such proposals were contrary to established regulations and policies aimed at using national forest timber to develop the Territory.

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In the fall of 1952 the Japanese Government sent an official mission to Washington to ascertain under what conditions forest products from Alaska could be obtained. The Forest Service outlined to this Japanese mission the conditions under which national forest timber is sold, possibilities for expansion in the production of various classes of forest products, and opportunities for procurement of lumber from the mills now established in Alaska. It was made clear that any new enterprise must be fitted into established Forest Service timber sale policies for building up the cut of the Tongass National Forest to sustained yield cutting capacity and for support of the economic development of the Territory. This would include compliance with the regulations of the Secretary of Agriculture which require that Alaska national forest timber be given primary processing within the Territory.

It was pointed out to the mission that an enterprise sponsored by the Japanese for manufacture of forest products in Alaska for shipment to Japan would have to be incorporated under American laws, bid successfully for national forest timber, and conform to all the applicable laws, regulations, and contract terms in the same manner as its possible competitors.

A good many persons and organizations particularly in Oregon and Washington have expressed concern over these Japanese inquiries. On the other hand, sentiment in Alaska appears to be generally favorable to properly controlled Japanese activity. The Alaska Territorial Legislature has memorialized Congress to this effect.

The Japanese have sent several groups to Alaska and Washington since 1953. In early 1953 a large group of pulp and rayon manufacturers organized the Alaska Pulp Co., Ltd., of Tokyo to establish a pulp and lumber enterprise in Alaska. In December 1953 this concern established the Alaska Lumber & Pulp Co. under the laws of Alaska. This latter concern has leased an idle sawmill at Wrangell for 5 years. Extensive repairs were made on this mill last summer. This mill is now in operation and plans to cut 20 to 30 million board-feet annually. Logs are being purchased from established independent loggers in the vicinity. These loggers have timber sale contracts on the Tongass Forest. No direct sales of national forest timber to the Wrangell mill have been made or proposed.

In April 1954 the Alaska Lumber & Pulp Co. applied for a major pulp-timber sale in the Sitka area. The Forest Service announced that this application had been received, but action to prepare such a timber sale offering was being held in abeyance until additional information on the organization and plans of the applicant had been obtained. Subsequently the Alaska Lumber & Pulp Co. has: (*a*) furnished information on the financial standing of the Japanese companies and individuals who have formed its parent, the Alaska Pulp Co., Ltd.; (*b*) sent three Japanese professional foresters to study the timber of the Sitka area; (*c*) employed Mr. Harold Cavin, a well-known pulp plant engineer who designed and supervised construction of the Ketchikan pulp mill.

The Forest Service plans to proceed with necessary field work to prepare a major pulp timber offering in the Sitka area as soon as the work on the Juneau pulp sale project is advertised. It may be possible to advertise the Sitka unit this year.

The controversies which have arisen over the Japanese timber mission to the United States tend to obscure the important basic

fact that because of its loss of timber supply in the Far East, Japan is now an important market area for west coast forest products. Because Alaska is significantly closer to Japan than any other timbered region of the United States and because it is just about the least-developed timber area under the United States flag, this new postwar market may well prove to be of great benefit to the economic development of the Territory. The respective share the west coast States and Alaska may have in this new market remains to be determined. Also whether Japanese or American capital will build plants in Alaska to supply the Japanese market is undetermined. The Forest Service is not trying to influence how these questions will be resolved other than to maintain equal competitive opportunities for all qualified parties and to maintain its long-established policy in the interest of development of the Territory of requiring primary manufacture of national forest timber within Alaska.

Rocky Mountain States: There are also two developments on the national forests within the States which may affect prospects for increased domestic newsprint production.

In Colorado a total of 4.2 billion board-feet of Engelmann spruce with minor amounts of lodgepole pine have been killed by insects since 1940. In 1950 the Forest Service advertised and made a preliminary award for a sale of 4,565,000 cords to obtain installation of a pulp mill in western Colorado to salvage a major portion of this timber. The awardee was unable to work out the financing of this project and the preliminary award was terminated on December 31, 1952.

Since then the Forest Service has continued the attempt to stimulate interest in a Colorado pulp plant installation. Sufficient interest has not yet been developed to warrant another offering of a major pulp-timber sale although there is some very definite interest in pulp mill possibilities in Colorado at the present time. Whether this present interest will develop to the point where advertisement of a major pulp-timber sale will be in order cannot yet be determined.

In northern Idaho and western Montana a violent insect epidemic has killed close to 2 billion feet of Engelmann spruce timber since 1952. This epidemic is being brought under control by a major logging program to harvest infested and killed spruce trees. About $900 million of Federal funds and close to $5 million of timber operator financing has been expended on 875 miles of timber access roads. The infested timber is of large size and good quality for sawlogs but because of radial checking it is usable only for pulp-timber cutting. This transportation development should make the north Idaho and western Montana area more attractive for pulp-mill installations. This area has outstanding advantages for the pulp and paper industry in respect to timber, water, and power. It is handicapped by high shipping costs to centers of consumption of newsprint or other pulp products.

Southern States: For many years interest of the pulp and paper industry has been concentrated in the southern United States. Since 1935 production of pulpwood in the South has increased from 1.4 million cords to 16.5 million cords, or 60 percent of the total United States pulpwood cut in 1954.

Three newsprint mills have been constructed in the South at Lufkin, Tex., Coosa Pines, Ala., and Charleston, Tenn. These mills represent

one-third of the total capacity of all United States newsprint mills, but only 3 percent of the capacity of the southern pulp and paper industry. The International Paper Corp. has recently announced plans for construction of an additional newsprint mill in Alabama, and there have been rumors of other possible newsprint mills elsewhere in the South.

A substantial part of the prospective increase in United States pulp and paper requirements probably will be met by further expansion of the industry in the South. Rapid growth of pulp production in this region has resulted from such favorable factors as good location with respect to the Nation's principal markets, availability of supplies of relatively low-cost southern pine pulpwood, reasonable security of future raw material supply based on rapid tree growth, year-long woods work and comparatively easy logging conditions, ample supplies of relatively cheap labor, availability of water, chemicals, and power, and excellent transportation facilities.

While there may be opportunities for further pulp mill expansion in the South, increased production based upon pine will involve problems of timber supply, plant location, and land acquisition. Recent forest surveys show that the larger sawtimber sizes of pine have been decreasing in most areas, and competition between pulp mills and sawmills for pine has increased. Largely as a result of better fire protection, supplies of small pine timber are generally increasing, however. Since the pulp industry can use smaller sizes and poorer timber than the lumber industry, if necessary, the principal impacts of reduced pine supplies seem likely to fall upon the lumber industry. If production of lumber and other forest products is to be maintained in the face of an expanding pulp industry, mill capacity will have to be increasingly based upon the growing of timber crops through imporved protection and management of southern forests.

The pulp and paper industry in the South has been rapidly acquiring timberland and today owns about 13 million acres of forest land. Nevertheless the pulp industry still depends upon farmers and other owners for approximately 80 percent of its pulpwood supply. For economic and political reasons the industry probably will always depend upon such outside sources for a large part of its raw-material needs. Intense competition for timberlands has resulted in an impressive rise in forest land values, and it has become increasingly difficult to acquire land in blocks of any size. Thus, forest industry must depend upon nearly 2 million small private owners who hold about two-thirds of the forest land in the South. For various reasons the small holdings are generally not too well managed. Further expansion, if based upon pine, thus can be safely supported only through increased fire protection, tree planting, and other forestry measures on the great number of noncompany lands which supply most of the raw material for forest industry.

The pulp industry might also expand its raw-material base through greater use of hardwoods and mill residues. The pulp industry still depends upon southern pine for about 85 percent of its total wood requirements. Yet more than half of the timber in the South is hardwoods, and a surplus of hardwood growth is available. Hardwoods are used to some extent for a number of types of paper and board, and research in new semichemical pulping processes points to

large potentialities in use of hardwoods. Experience at the Great Northern Paper mill in Maine has demonstrated that northern hardwoods can be used effectively for newsprint in the form of chemigroundwood pulp. Other research in semichemical pulping at the Forest Products Laboratory in Madison, Wis., and at other research institutions shows that a wide variety of hardwood species are technically suitable for newsprint, as well as other grades of paper and board. Successful tests have been made using semichemical hardwood pulps for as much as 80 percent of newsprint furnished. Large-scale commercial trials are needed to confirm these results under practical operating conditions. If southern newsprint mills were to use hardwoods as well as pine their raw-material base would be substantially enlarged.

Use of sawmill residues for pulp chips has increased rapidly in the South during the past couple of years, and there are now at least 25 of the larger sawmills which have established barkers and chippers for converting slabs and other mill waste to pulp chips. This new supply of pulpwood now amounts to more than a quarter of a million cords annually, but this represents a relatively small part of the potential supply of approximately 5 million cords of unused softwood residues in the South. A large part of these sawmill residues is widely scattered at small sawmills and hence not readily usable, but there are undoubtedly opportunities for some further economic use of sawmill residues to supplement pine and hardwood pulpwood from standing timber.

Northeastern and Lake States: In the Northeastern and Lake States, where the newsprint and other branches of the pulp and paper industry were originally concentrated, there are now 4 newsprint mills which account for about 40 percent of the newsprint capacity in the United States. The pulp industry in these regions has been faced for many years with problems of dwindling supplies and high costs of the preferred softwood species such as spruce and fir. Hardwoods such as maple, beech, birch, and aspen, on the other hand, are in surplus supply.

Many of the mills in these regions have converted to use of hardwoods for various grades of paper, and as previously indicated the Great Northern Paper Corp. is now successfully using hardwood pulp in newsprint in lieu of some of the previously essential softwood pulps. Future expansion of the pulp and paper industry in these areas seems feasible only if based essentially upon use of hardwoods.

West coast: The pulp and paper industry in the western United States is located chiefly in the Douglas-fir region of Washington and Oregon. Five newsprint mills in this area account for about one-fourth of the newsprint capacity in the United States. Most of the early production on the west coast was based upon use of hemlock, spruce, and fir, but in recent years a large expansion of the kraft paper industry has used Douglas-fir obtained in considerable part from sawmill residues.

Further expansion of the pulp and paper industry on the west coast is likely to depend upon additional use of Douglas fir sawmill residues, and to a lesser degree upon use of lodgepole pine, hemlock, fir, and Douglas fir pulpwood from standing timber. Further expansion of capacity might include some newsprint although it seems likely that the major part of any new capacity would be designed for kraft pulp and paper products.

Summary: In summary, available timber resources in both the United States and Alaska offer certain opportunities for further expansion of pulp and paper production, including newsprint. These opportunities exist particularly in southeast Alaska, in the Rocky Mountains and west coast regions, and in limited locations in the South.

Expansion of the industry elsewhere in the South or in Northern States also could be supported through an intensification of forest protection and management and by greater use of hardwoods.

In closing I would like to assure the committee that the Forest Service is well aware of the interest of Congress in developing additional domestic newsprint production. There is no single simple answer as to why there has been only a limited increase in domestic newsprint production in recent years. Timber-supply factors are an important but not a controlling factor in this situation.

That concludes my statement, Mr. Chairman.

Mr. KLEIN. Any questions, Mr. Granahan?

Mr. GRANAHAN. No, sir.

The CHAIRMAN. Mr. Beamer.

Mr. BEAMER. Mr. Chairman, I had several questions I was going to ask Mr. Mason, but I think he has answered them in the last paragraph.

I think of concern to all of us is the matter of what we are going to do about our own domestic production. We recognize that Canada is part of the continental production and probably that is considered about the same as if produced in this country.

Going up to Alaska, you say there is no single simple answer as to why there has been only limited increase in domestic newsprint production in recent years. I checked several things as you went along. You mentioned in the south, for example, that they seem to be increasing the production of wood pulp, and you mentioned the fact that there is cheaper labor down there. Is that a very important factor, would you say? I am wondering if you can tell us perhaps what percentage of the cost of production of wood pulp is represented by labor, since reference was made to it?

Mr. MASON. I could not give you that precisely. We could look it up for you. I do not have the figures in my head.

In respect to the labor wage rates there is an important difference in labor cost in respect to producing pulpwood. The wage rates in the pulp plants or newsprint plants themselves are perhaps not too different between the South and the North.

Mr. BEAMER. Do you think that difference, if there is a difference, would continue on to Alaska if plants were established there? That seems to be an expensive operation there, does it not?

Mr. MASON. Yes. There is at least a 25-percent wage differential above the west coast, above Oregon and Washington, in Alaskan wage rates, and I doubt if that can be overcome for quite a while at least.

Mr. BEAMER. You stated on the bottom of page 3 that the Forest Service now felt that the industry in Alaska could be developed to a point where it could compete successfully in the national and world markets, so that must indicate that even though there is a higher wage rate in Alaska, still that probably isn't the entire factor?

Mr. MASON. That is right. The cost of stumpage, the cost of standing trees, is getting to be a very important cost in western Oregon

and Washington, where with current prices for standing timber in our timber sales, even for the pulp spaces, we sometimes get as much as $15 a thousand bid for hemlock now. We are selling timber of equal quality for pulp in Alaska for less than $2 a thousand.

Mr. BEAMER. I was interested, too, in another clause. On page 6 you referred to the damage that has been brought to the Engelmann spruce in Idaho and Montana by insects. Isn't it the policy of the Forest Service to make available for cutting as quickly as possible such areas?

Mr. MASON. Yes, indeed.

Mr. BEAMER. In other words, it is better to save the trees for woodpulp than to let them stand and be destroyed by the insects?

Mr. MASON. Yes. Of course, you occasionally get these sudden flareups of insects that move very rapidly and you cannot get the timber cut fast enough. Then you have to salvage it after it is dead, and that is what we are trying to do in Colorado and Montana.

Mr. BEAMER. Is that much of a factor in the total production though? I mean this disease affecting the trees.

Mr. MASON. Not particularly in the pulp and paper industry. This Engelmann spruce is a somewhat unusual situation. It has a much slower rate of deterioration than most wood used for pulp.

As a matter of fact, the paper mills do not like to take deadwood generally, but they are taking this dead Engelmann spruce. As much as 50,000 cords a year one year was shipped from Colorado to Wisconsin mills.

Mr. BEAMER. Is this insect infestation much of a hazard to the industry, would you say?

Mr. MASON. Where these epidemics have occurred there has been no pulp industry dependent upon the timber, and we still are hopeful that we can induce someone to establish a mill to utilize the dead timber and then go on and use green timber thereafter.

Mr. BEAMER. I have just one last thought, Mr. Chairman. With respect to the pulp and woodpulp products coming in from Canada, what is the tariff arrangement? Are these coming in duty free?

Mr. MASON. Newsprint is duty free. So is pulpwood. There is a considerable movement of pulpwood to be processed in mills in the Lake States from Canada.

Mr. BEAMER. In other words, the tariff question would not raise the cost to the consumer since the products are coming in duty free?

Mr. MASON. Not in respect to newsprint or pulpwood, which are the major movements. I am not informed on tariffs on other paper products.

Mr. BEAMER. One last question. What is the current price of newsprint? Perhaps someone can answer this question.

Mr. MASON. I believe it is $126 in New York; yes.

Mr. BEAMER. How does that compare with the price the last 2 or 3 years?

Mr. NEUBRECH. There was no advance in 1954, but in 1952 and 1953 there were advances.

Mr. KLEIN. We thank you very much, Mr. Mason. Is Dr. Hilbert here? Will you please come forward?

At this time, in view of the time limitations this morning it appears that we cannot go into the proposed Japanese pulp mill project in Alaska as far as we would like to. I will include in the record letters

between the chairman of this committee and the Departments of State, Agriculture, and the Air Force and we will take the matter up at another time. These letters, in connection with that statement which the committee has been very much concerned about, will be included in the record at this point.

(The letters are as follows:)

FEBRUARY 8, 1954.

Hon. THRUSTON B. MORTON,
Assistant Secretary of State for Congressional Relations,
Department of State, Washington 25, D. C.

DEAR MR. SECRETARY: Among the subjects of our study on the trip which we have recently completed to the Far East was one having to do with pulp, inasmuch as this committee, under a special resolution of the House, is directed to keep appraised of the newsprint and pulp situation.

For a number of years, the committee has looked into this matter with a varying degree of attention according to the exigency of the supply situation. Most recently, this committee has had occasion to consider the availability of sources of newsprint to the United States from facilities other than those located in Canada and has given much thought to the possibilities of facilities being located in Alaska for this purpose.

I am wondering, accordingly, whether you could supplement the information which we gained in Japan on a proposed location of a Japaness pulping mill in Alaska for the supply of pulp for the Japanese rayon industry, with a statement as to just what the situation now may be in this regard. It is my understanding that this proposal is one which received some sponsorship from the Department of State.

I should appreciate it also were the statement to cover a discussion of the consideration which has been given to the Japanese obtaining such pulp from other areas where it might not involve a comparable dollar drain and relieve us of our present concern over meeting the Japanese dollar deficit, as well as provide the Japanese with opportunity for disposing of some of their own goods. If the proposed pulping operation in Alaska does not involve an appreciable additional dollar expenditure, I should welcome a discussion of the basis therefor.

Sincerely yours,

CHARLES A. WOLVERTON,
Chairman.

FEBRUARY 26, 1954.

Hon. CHARLES A. WOLVERTON,
House of Representatives.

MY DEAR MR. WOLVERTON: Reference is made to your letter of February 8, 1954, regarding the proposed Japanese-Alaska pulp and timber enterprise.

In view of the many letters which have been received on this question, the Department has prepared a statement, a copy of which is enclosed, summarizing available information and indicating the Department's position on these projects. I believe the statement will answer most of your questions on this enterprise and on the role played by this Department.

In your letter you also raised the question as to the availability of woodpulp to Japan from nondollar areas. As you have pointed out, Japanese importation of woodpulp from nondollar areas might not only reduce the dollar drain on Japan but might also provide possible opportunitits for Japanese exports. Owing to the inconvertibility of most currencies, however, trade imbalances must usually be settled in dollars, so that the extent to which Japan can import pulp even from nondollar countries without having to pay dollars for it depends precisely on its ability to make sales in those countries.

The major woodpulp exporting countries of the nondollar area are, as you know, Sweden, Finland, and Norway. Japan, however, does not enjoy extensive trade relations with these countries, nor they with Japan, a fact which reflects the historical orientation of their respective trading patterns in other directions. Even so, over a quarter of Japan's pulp imports in 1952 and over 40 percent of its pulp imports in the first 11 months of 1953 came from those 3 countries. (Almost all of the remainder came from the United States and Canada.) These imports accounted for over half of the total value of Japan's imports from those three countries in 1953. Since trade imbalances between those countries and Japan must be settled by dollar payments, however (the point at which such settle-

ment must be made varies with the country involved), there is a limit beyond which further Japanese purchases will constitute a dollar drain unless Japan can increase its sales to those countries. The possibilities of the latter, of course, are limited to the extent that the countries who are traditional sellers to Sweden, Finland, and Norway can meet additional competition from Japan.

These considerations, plus the shorter haul involved in purchasing North American pulp, will probably militate against the possibilities of Japan procuring a much larger share of its pulp imports from Scandinavia.

It would be difficult to arrive at a useful estimate of the dollar drain on Japan that would result from the proposed pulp project. The initial dollar cost of the pulp mill will amount to around $45 million, spread over a 3-year period of time. (In 1953 Japan's imports of merchandise from the dollar area were in the magnitude of a little over $1 billion.) As stated in the attached statement, the Japanese hope to obtain American participation in the project. Any success in this direction will reduce the initial dollar drain on Japan. The mill's output will, of course, be dollar pulp. On the other hand, dollar dividends from the operation will accrue to the Japanese investors in the project and to that extent may be expected to reduce the net dollar drain on Japan, a possibility, incidentally, that could not exist if the same amount of pulp were bought from existing North American producers.

It may be possible in the future to develop extensive pulp-producing facilities using tropical hardwoods. Such a development could result in the availability of nondollar pulp in southeast Asia where a large part of Japan's trading is done. Much work, however, remains to be done to turn tropical forests into economically exploitable sources of woodpulp.

Sincerely yours,

THRUSTON B. MORTON,
Assistant Secretary.

PROPOSED JAPANESE PULP AND SAW MILL PROJECTS IN ALASKA[1]

Japanese interest in Alaskan forests

Japanese interest in developing a new source of forest products abroad dates back several years. Japan is anxious to find such a source in order to help reduce the excessive drain on its own diminishing forest resources at home. As a result of the loss of former domestic sources of timber on Karafuto, the Japanese have been forced to overcut their forests at a rate that is rapidly depleting their domestic timber resources and which is contrary to sound practices of forestry, soil conservation, and flood control. The Japanese must look elsewhere, therefore, for new sources of supply that will help meet this problem. The abundant supplies of Alaska are considered the best alternative new sources of supply in the free world from both the geographic and economic points of view.

Japanese activities

In October 1952 a mission representing the Japanese Government and Japanese pulp and timber industries came to Washington to discuss the feasibility of establishing a sawmill in Alaska from which substantial quantities of sawn lumber could be exported to Japan. The mission also considered the possibility of the establishment in Alaska at a later date of a pulp mill to help meet Japan's pulp requirements.

In addition to discussions with the United States Government, members of the Japanese mission carried on extensive conversations with private United States financial, legal, and industrial groups regarding the purely commercial phases of their proposed venture in Alaska.

Early in January 1953 a new mission, composed of technical experts representing the Japanese Government and Japanese pulp and lumber industries, was sent to study the technical questions involved in lumber and pulp enterprises in Alaska, British Columbia, and the United States. It is the Department's understanding that upon completion of its survey in Alaska the technical mission investigated further the possibilities of utilizing the existing sources of lumber and pulp supplies in western Canada and in our own Pacific Northwest.

On June 3, 1953, a meeting was held in Japan by interested Japanese Government agencies and private firms to discuss further the possibilities of establishing saw and pulp mills in Alaska. The principal result of this meeting, which was held under the auspices of a private organization, the Forest Counter-Measures Council,

[1] This statement has been prepared by the Department to answer the many queries which it has received on the proposed Japanese projects in Alaska. It contains information available to the Department as of February 10, 1954.

was the formation of a six-man organizing committee. This committee developed a preliminary organization plan which was sent out by the Forest Counter-Measures Council to 19 pulp-manufacturing companies, 13 synthetic-fiber companies, and 2 lumber companies, inviting their participation.

The enterprise that developed out of this proposal, the Alaska Pulp Co., Ltd., was incorporated in Japan on August 19, 1953. It is capitalized at 1.5 billion yen ($4,167,000), consisting of 3 million shares valued at 500 yen each. The Department understands that the original plan called for borrowing 3.63 billion yen ($10,083,000) from the Export-Import Bank of Japan, bringing operational funds to a total of 5.13 billion yen ($14,250,000). No information has been received as to the implementation of the plan to borrow from the Export-Import Bank of Japan.

According to further plans of the Forest Counter-Measures Council, the Alaska Pulp Co. was to establish a United States corporation in which private American capital would participate. This corporation was to be capitalized at $15 million, of which $12 million was to be supplied by the Japanese group and $3 million by the United States group. It was hoped that the corporation could then borrow $30 million from private sources in the United States so that it would have operational funds amounting to $45 million. It was also contemplated that the board of directors of such a corporation would be elected in proportion to the amount of money invested in the corporation by the two groups. As yet the Alaska Pulp Co. has not secured American participation in such a corporation but it is understood that the Alaska Pulp Co. formed an American corporation, the Alaska Lumber & Pulp Co., in Juneau in December 1953.

The chairman of the board of directors of the Alaska Pulp Co. is Mr. Tadao Sasayama; its president is Mr. Junichiro Kobayashi. Mr. Sasayama was formerly chairman of the Holding Company Liquidation Commission and a member of the Securities Coordinating Liquidation Committee, both of which bodies helped carry out the decentralization of control of Japanese industry under the direction of the supreme commander for the Allied Powers after World War II. Mr. Kobayashi is director general of the Council for Integrated Counter-Measures for Forest Resources.

Representatives of the Alaska Pulp Co., including Messrs. Sasayama and Kobayashi, were in Washington in December 1953 and visited various United States Government agencies to continue discussions on their projects. The group then went to Alaska before returning to Japan to make an on-the-spot survey of the situation. During the group's visit in Alaska, the Alaska Lumber & Pulp Co. was incorporated, as mentioned above.

Nature of proposed projects

The Japanese plan, according to latest information available, proposes to have the Alaska Lumber & Pulp Co. first purchase or build a sawmill in Alaska. The wood scrap from this operation would be compressed and sent to pulp mills in Japan. Further plans provide that a pulp mill with a capacity of 100,000 tons per year would be started during the second year of operation and completed within 3 years. The corporation would reach full operating capacity during the fifth year of operation.

The Japanese are interested in the timber of the Tongass National Forest in southeastern Alaska. It is understood that much of this forest consists of trees that are overmature and that sound forestry practices require that much of this forest be cut and that reforestation accompany the cutting operation. The Japanese understand that any new enterprises must be fitted into established Forest Service timber sales policies for building up the cut of the Tongass National Forest to sustained yield cutting capacity. This would include compliance with the regulations of the Secretary of Agriculture which require that Alaskan national forest timbers be given primary processing within the Territory.

In discussions which the representatives of the Alaska Pulp Co. had with the Forest Service regarding the timber supply for the sawmill and pulp mill which they hope to establish, the Forest Service pointed out that it would not be practical to consider a pulp timber sale application or proceed with the fieldwork necessary before a pulp timber offering could be advertised until they can make a showing of definite plans and financial ability. The Japanese would, of course, through their American-chartered company, have to bid successfully for national forest timber and conform to all the applicable laws, regulations, and contract terms in the same manner as its possible competitors.

The Japanese are also aware of the fact that United States immigration laws impose certain restrictions on the migration of foreign workers into the United States. The Japanese recognize that it would be extremely difficult under the

law to permit foreign workers to enter the country to participate in the cutting and production of forest products in Alaska. The employment opportunities involved in these projects would have to be filled by available American labor before consideration could be given to use workers from any other country. The Japanese have been informed that American manpower would in fact be available for labor demands that might emerge from the project under discussion.

Since the proposed enterprise would be incorporated under the laws of the United States it would be subject to all Federal tax laws and regulations which apply to American corporations. Furthermore the labor force just like all other workers in Alaska would be subject to the payment of Federal taxes on their income as well as a Territorial income tax.

It is also understood that most of the machinery that would be used in these projects would be purchased from American manufacturers in view of the fact that the Japanese are not in a position to manufacture the kinds of machinery required for the mills under consideration.

Any American financing for the projects would come from private sources on normal commercial terms. There is no intention on the part of the United States Government to participate directly or indirectly in the enterprise.

Advantages to the United States

It is believed that these projects would be in the interest of the United States. There is no question but that the projects will aid in the economic development of Alaska by giving steady employment and requiring the development of ancillary services. The existence of a stable civilian population is looked upon by the Department of Defense as necessary to strengthen the defense of Alaska. It has already been pointed out that the projects would provide needed utilization of, and at the same time help conserve, one of Alaska's major forests, provide tax revenue for the United States Treasury and require machinery manufactured in the United States.

The United States Forest Service, which manages the Tongass National Forest, has long sought to utilize such national forest reserves as a means of attracting permanent industries and a stable civilian population to the Territory. For many years the Forest Service has given wide circulation to news stories, magazine articles, proposals and prospectuses on the possibilities for major pulp plants in Alaska; it has systematically made full information available to pulp, paper, and lumber executives, newsprint consumers, and other industrial leaders whenever there was an indication that such persons might be interested in the development of a forest products enterprise in the Territory. All qualified parties, and in particular United States investors, are extended the opportunity to contribute to the economic development of the Territory.

While affording definite economic benefits for Alaska, it does not appear that the proposed enterprise would place the forest products industries in the continental United States at a disadvantage. In the long run it may reasonably be expected that the Japanese market will have room for both present and possible future suppliers. The Japanese demand for pulp and lumber is continually rising with increasing population and business activity. Growing requirements of lumber for housing and of man-made fiber for the textile industry should in the course of time provide a market larger than that now served by overseas suppliers.

When the proposed pulp mill comes into production 3 or 4 years after its inception, the bulk of its output perhaps will be purchased on regular commercial terms by Japanese pulp-consuming establishments affiliated with the enterprise. It is not expected, however, that the enterprise could satisfy the entire Japanese import market. Presumably it would help supply an expanded Japanese market together with other overseas suppliers.

The same would hold true for the project's proposed sawmill operation. Furthermore, since Douglas fir does not grow in the area where the project will be established, it would not compete in the market where this type of lumber is required. In this connection, it might be noted that in the first 10 months of 1953 about 70 percent of United States exports of softwood logs and lumber to Japan were Douglas fir.

Role of the United States Government

The activities of the United States Government in connection with this purely commercial investigation have been limited to extending those courtesies normally shown to any foreign group interested in making investments in the United States or its possessions. The Department of State has participated with other interested Government agencies in explaining to the Japanese businessmen the laws, regulations, and conditions under which they might establish their proposed enterprise in Alaska.

The Department's interest in the proposed enterprise is primarily to analyze the problem in terms of the needs of the Japanese economy, and to assure that Japanese private enterprise obtains fair and equitable treatment under the applicable laws and regulations of the United States. This interest is in accordance with the Treaty of Friendship, Commerce, and Navigation which went into effect in 1953. In this connection the Department is aware, as indicated above, of the potential benefits to Alaska that will arise from this enterprise.

There has never been any request by the Japanese Government or by private interests for special assistance for this project, nor has the United States Government considered such possibilities. On the other hand it is the policy of the United States as reflected both in legislation and in its relations with foreign countries, to encourage and stimulate the international flow of private capital investment into legitimate enterprise. This project, based on private capital and receiving no governmental aid, is in the spirit of that policy.

DEPARTMENT OF THE AIR FORCE,
OFFICE OF THE SECRETARY,
Washington, February 25, 1954.

Hon. CHARLES A. WOLVERTON,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 8, which enclosed a letter to Assistant Secretary of State Thruston B. Morton, relative to the establishment of a Japanese pulping mill in Alaska and which requested a statement as to the interest of the Department of the Air Force in this project.

The Department of the Air Force foresees no objection to the proposed establishment of a Japanese pulping mill in Alaska for the supply of pulp to the Japanese rayon industry. However, for security reasons this Department desires to be consulted when the specific location for the proposed mill is determined. As no shortage of pulp exists, the requirement of this Department for pulp would not permit sponsorship of the project for defense requirements. The Department of the Air Force desires to be assured that all personnel to be employed in the proposed mill would be investigated to preclude the hiring of persons who are sympathetic to probable enemies of the United States.

I appreciate your referring this matter to my attention and trust the above statement of our interest in this project is satisfactory to you.

Sincerely yours,

HAROLD E. TALBOTT.

UNITED STATES DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
Washington 25, D. C., February 11, 1954.

Hon. CHARLES A. WOLVERTON,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives.

DEAR MR. WOLVERTON: This is in reply to your letter of February 8 in respect to developments since our letter of October 13, 1953, in connection with the Japanese proposal to establish a pulp mill in Alaska.

Representatives of the Alaska Pulp Co., Ltd. were in Alaska and Washington in December 1953. In Alaska they explored possibilities for acquisition of an existing sawmill. On December 10, 1953, they incorporated under the laws of Alaska a corporation called the Alaska Lumber & Pulp Co., with a capital of $1 million, in order to be in a position to transact business in Alaska. However, they reached no decision in regard to the acquisition of a sawmill and have advised this office that consideration of the sawmill project has been deferred at least until the spring of 1954. In respect to the pulp-mill project, they are planning to send a group of technical pulp-plant experts to Alaska in the first half of this year to determine suitability of pulp-plant sites and to make progress toward drawing up a definite proposal for construction of a pulp mill.

The Forest Service pointed out to the Japanese that it would be necessary for them to make a showing of definite plans and financial ability before it would be appropriate for the Department of Agriculture to give consideration to an application for an offering of national-forest timber. The Japanese understand that they are not yet in a position to submit such an application for timber. The Japanese group returned to Japan in the latter part of December 1953.

As matters stand, this possible development is only in the exploratory stage. The Japanese group has made no application for timber, and the Forest Service has made no commitment.

Sincerely yours,

RICHARD E. MCARDLE, *Chief.*
EDWARD P. CLIFF.

DECEMBER 31, 1954.

Hon. THRUSTON B. MORTON,
Assistant Secretary of State,
Department of State, Washington 25, D. C.

MY DEAR MR. SECRETARY: On my return here after the recently completed extended survey trip which the committee made in Africa, I have noted in the press comment to the effect that the Japanese have sent representatives to Alaska for the purpose of surveying the tracts for use as pulpwood or pulp for export to Japan.

It had been my thought that following your letter to me of February 26, last, this project was dormant or had been abandoned, as I had heard nothing since about it from your Department, from Commerce, or from Agriculture.

If this project is being revived, I believe that it is encumbent on this committee in connection with its continuing examination of newsprint supply to have additional information on several matters which certainly are not clear in our own minds from the information we have obtained here and from the conferences which we had last December in Tokyo on this subject.

1. To what extent will the supplying of wood, or pulp, from Alaska represent an additional dollar drain upon the Japanese, and aggravate the already difficult situation as to their dollar deficit which hitherto has been portrayed to us?

2. On the other hand, if it is contemplated there be little dollar requirements for the operation of the mill, is this the result of a use of Japanese labor to operate it? We have been told here that assurances have been given that the mill would be operated by American labor. Your letter of last February, with attached mimeographed statement, does not explicitly spell this out. The information we were given in Tokyo was to the effect that there would be little dollar requirements as the mill would be operated by Japanese labor.

3. If Japanese labor is to be used to operate this mill, what clearances have been given by the military establishments to the location of this mill at the place where we understand it is proposed to locate it?

4. What effect will there be upon the possible utilization of Alaskan timber for additional newsprint production if this tract is withdrawn for the supplying of the contemplated mill? What tracts remain available?

5. What are the ancillary effects upon the American economy of this proposed sponsorship of a mill, which, it is understood, will chiefly be used for the supply of pulp for the Japanese rayon industry? In addition to the effect on our domestic pulp industry, I also have in mind our experience in promoting rayon plants in Europe, competitive to our rayon and cotton industries; and for that matter, utilizing pulp diverted from newsprint facilities to the extent that only a few years ago we engaged in allocation of newsprint to European countries.

6. Is the contemplated mill in Alaska consistent with what is understood to be our policy to encourage Japanese trade with southeast Asia?

7. Is Japanese inability to secure timber and pulpwood in Asian countries still the result of failure to enter into and complete negotiations for reparations?

8. What other sources for this timber are available in the Far East? In such connection I am not unmindful of our recent Export-Import Bank loan for assisting the construction of a newsprint mill in New Zealand, which, I assume, would utilize pulp in its operations?

Thanking you for your assistance in clearing up some of these items.

Very truly yours,

CHARLES A. WOLVERTON, *Chairman.*

DEPARTMENT OF STATE,
Washington, January 25, 1955.

Hon. J. PERCY PRIEST,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives.

DEAR MR. PRIEST: Further reference is made to Mr. Wolverton's letter of December 31, 1954, which was acknowledged on January 6, 1955. In his letter he

asked eight questions concerning the proposed Japanese pulp project in Alaska. The following information is submitted in reply to these questions:

1. To what extent will the supplying of wood, or pulp, from Alaska represent additional dollar drain upon the Japanese, and aggravate the already difficult situation as to their dollar deficit which hitherto has been portrayed to us?

Japan has been unable to obtain all of the wood or pulp which it requires without using dollars. As was stated in the Department's letter to you of February 26, 1954, Japan has had to settle her trade imbalances in dollars because of the inconvertibility of most currencies; therefore, the extent to which Japan can import pulp from nondollar countries without having to pay dollars for it, depends on its ability to make sales in these countries. Japan still does not enjoy extensive trade relations with the major wood-pulp-exporting countries of the nondollar area, namely, Sweden, Finland, and Norway. The possibility of Japan exporting more to these countries to permit her to import more pulp is limited to the extent that the traditional exporters to these countries can meet additional competition from Japan.

The Department understands that the proposed Japanese project has still not reached the point where a useful estimate can be made of Japan's dollar outlays that would result from the proposed project.

2. On the other hand, if it is contemplated there will be little dollar requirements for the operation of the mill, is this the result of a use of Japanese labor to operate it? We have been told here that assurances have geen given that the mill would be operated by American labor. Your letter of last February, with attached mimeographed statement, does not explicitly spell this out. The information we were given in Tokyo was to the effect that there would be little dollar requirements as the mill would be operated by Japanese labor.

The Department's understanding on this question has not been changed since its last correspondence with you on this question. The employment opportunities involved in the proposed project would have to be filled by available American labor before consideration could be given to using laborers from any other country. The Japanese have been informed that American labor would be available for the employment demands that might emerge from the project.

3. If Japanese labor is to be used to operate this mill, what clearances have been given by the military establishments to the location of this mill at the place where we understand it is proposed to locate it?

The Department of Defense has informed the Forest Service and this Department that it has no objections from the security point of view to the site under consideration for the proposed pulp mill.

4. What effect will there be upon the possible utilization of Alaskan timber for additional newsprint production if this tract is withdrawn for the supplying of the contemplated mill? What tracts remain available?

The Department has been informed that the proposed Japanese project would require about 13 percent of the allowable sustained-yield timber cut of the Tongass Forest in southeast Alaska. The Department understands that the Georgia Pacific Plywood Co. has been granted a certificate for accelerated tax amortization for construction of a newsprint plant in southeast Alaska, and that negotiations of that company with the Forest Service are well advanced for advertisement of a major pulp-timber sale to supply this proposed plant at an initial annual production of 150,000 tons of newsprint. This proposed newsprint plant would also require about 13 percent of the allowable sustained-yield timber cut of the Tongass Forest. The Department further understands that if the Japanese and Georgia Pacific projects should be built, the requirements of these plants plus the requirements of other forest products industries in the area would total about two-thirds of the allowable sustained-yield cut for the Tongass Forest. The remaining third of the allowable cut, if all used in newsprint manufacture, would support an annual production of about 375,000 tons.

5. What are the ancillary effects upon the American economy of this proposed sponsorship of a mill, which, it is understood, will chiefly be used for the supply of pulp for the Japanese rayon industry? In addition to the effect on our domestic pulp industry, I also have in mind our experience in promoting rayon plants in Europe, competitive to our rayon and cotton industries; and for that matter, utilizing pulp diverted from newsprint facilities to the extent that only a few years ago we engaged in allocation of newsprint to European countries.

This question assumes that the United States Government is sponsoring the Japanese in their proposed project in Alaska. As the Department pointed out in its mimeographed statement, Proposed Japan Pulp and Sawmill Project in Alaska, attached to its letter to you of February 26, 1954, the activities of the United States Government in connection with this project have been limited to extending those courtesies normally shown to any foreign group interested in making any investment in the United States. The Japanese project is a purely private commercial enterprise. There has never been any request by the Japanese Government or by private interests for special assistance for this project. The United States Government has never considered such a possibility. If the Forest Service should grant the Japanese the right to utilize a tract of national-forest timber in Alaska, such a grant would be subject to the very strict laws, regulations and conditions of this Government in this field and be the result of competitive bidding.

If the Japanese should go ahead with the project which they have under consideration, this would not mean that the United States would lose the Japanese pulp market. The Department has no information that would alter the statement which it made in the mimeographed statement referred to above that, "In the long run it may reasonably be expected that the Japanese market will have room for both present and possible future (pulp) suppliers. The Japanese demand for pulp and lumber is continually rising with increasing population and business activity." Since the United States exports negligible quantities of rayon to Japan, the proposed project would, of course, have no effect on this domestic industry.

6. Is the contemplated mill in Alaska consistent with what is understood to be our policy to encourage Japanese trade with southeast Asia?

The Department believes that the contemplated pulp mill in Alaska is not inconsistent with the policy to encourage trade with southeast Asia. Although Japan's trade with southeast Asia offers considerable potential for expansion, and is being increased, any forseeable expansion of trade would not solve Japan's trade problem. The solution must lie in the general expansion of Japan's trade with the Free World. Furthermore, southeast Asia does not have sources of soft pulpwood. It may be possible in the future that the tropical hardwoods of southeast Asia will be utilized on a commercial basis for pulp purposes. However, Japan's requirements for pulp are significantly in excess of her domestic supplies and her proposed imports from Alaska.

7. Is Japanese inability to secure timber and pulpwood in Asian countries still the result of failure to enter into and complete negotiations for reparations?

The absence of completed negotiations for reparations does not appear to have affected Japan's ability to secure timber and pulpwood in Asian countries. Aside from the lack of soft pulpwood in southeast Asia, the amount of timber which Japan imports from her major supplier in southeast Asia, the Philippines, is limited by the present trade imbalance between the two countries, not by the reparations problem.

8. What other sources for this timber are available in the Far East? In such connection I am not unmindful of our recent Export-Import Bank loan for assisting the construction of a newsprint mill in New Zealand, which, I assume, would utilize pulp in its operations?

The only important sources of timber in the Far East comparable to Alaska's resources are under the control fo the Soviet Union on the island of Sakhalin and in the Maritime Provinces of Siberia. According to available records, Japan has not imported timber from these sources since 1951.

With regard to the timber resources of New Zealand, the Department understands that the new newsprint mill in that country will utilize all the timber available and that there will not be an exportable surplus.

The Department will be happy to be of any further assistance to you in this matter.

Sincerely yours,

THRUSTON B. MORTON,
Assistant Secretary.

The CHAIRMAN. You may proceed, Dr. Hilbert. Dr. Hilbert is Director of the Utilization Research, Agricultural Research Service, Department of Agriculture.

STATEMENT OF DR. G. E. HILBERT, DIRECTOR, UTILIZATION RESEARCH, AGRICULTURAL RESEARCH SERVICE, DEPARTMENT OF AGRICULTURE

Dr. HILBERT. During the past 20 years the Agricultural Research Service has been engaged in research on the development of a practical and feasible process for producing pulp from agricultural residues. I should define agricultural residues as the dry type of farm waste which is either collected at processing centers or left in the field. Examples of the type of agricultural residues which are collected at processing centers are bagasse, peanut shells, rice hulls, oat hulls, and nut shells. Of these bagasse is the only one that has a promise for the production of paper pulp. The other types of collected residues form very poor pulps.

Examples of the type of noncollected residues are wheat straw, rice straw, flax straw, corn stover, and corncobs. Of these wheat straw has the most promise for the production of pulp. Some flax straw is used in the United States for the production of paper for use in cigarettes. Some wheat straw is used industrially for the production of strawboard by the strawboard industry for the production of cardboard. It is used for making the inside liner of cardboard.

Approximately 20 mills in the United States are using wheat straw for this purpose. No wheat straw, however, is used domestically for the p oduction of paper. In the case of bagasse, much of it is burned at the mills as a source of energy. A large portion of the bagasse produced in the United States is used by the Celotex Co. for making insulation board and within the last year a newsprint mill has been established in Louisiana using bagasse as its main raw material.

A few weeks ago Senator Ellender read into the Congressional Record an editorial from one of the Louisiana newspapers which I think very well summarizes the potentialities of that development. If you care to, I would be glad to supply that for the record.

Mr. KLEIN. We can get it. If I may interrupt you at that point, how much newsprint is presently being manufactured down there in that plant in Louisiana?

Dr. HILBERT. It produced 50 tons of pulp per day. It is considered to be a small newsprint mill. It supplies the newsprint used by about 25 Louisiana newspapers.

Mr. KLEIN. Is that sufficient for that purpose, or do they have to get other newsprint made from wood pulp?

Dr. HILBERT. I understand that they are using it as newsprint without blending with any other pulp.

Mr. KLEIN. One more question while you are on that point. How does that compare with the amount of newsprint that is made from bagasse in other countries? For instance, we saw one down in Peru.

Dr. HILBERT. In Peru the Grace Co. has put up a large mill which uses bagasse for the production of pulp. I believe there are two mills in Brazil which are using bagasse as pulp. A great deal of consideration is being given by other countries; Cuba, for example.

Mr. KLEIN. How much is the production, can you tell me, in Peru and Brazil as compared with the mill in Louisiana?

Dr. HILBERT. What is the rate of production?

Mr. KLEIN. Yes.

Dr. HILBERT. I would say the mills in Brazil are about the same size as the one in Louisiana.

Mr. KLEIN. And the one in Peru?

Dr. HILBERT. I don't know what the production of the one in Peru is. I can find that out and put it in the record.

Mr. KLEIN. We can get it. You may proceed.

Dr. HILBERT. During the past few years we have developed a process for producing pulp from wheat straw and bagasse which we think is practical and feasible. During the past year this process was evaluated on a semicommercial scale by the New York College of Forest Industry in cooperation with one of the large paper mills. Several tons of pulp were produced. Some of it was used for blending with commercial sulfite pulp for use in making bond paper.

At the present time we are cooperating with the North Dakota and South Dakota experiment stations with respect to the procurement problem of wheat straw. That is the main problem in the use of agricultural residues as sources of pulp. Those two experiment stations are making a county to county survey to determine the acreage of wheat straw, rye straw, and flax straw available.

They also will determine the number of localities in those States that are able to produce 50,000 tons of straw within a radius of 50 miles. They are also conducting a survey on the availability of the water in the event that a newsprint plant is established there.

Mr. KLEIN. Would you stop there for a minute. Some of these questions may seem elementary to some of you people. but you must remember that I come from the wide farm area of New York City. This wheat straw that you are talking about now, is obtained how? Is that a residue after the wheat is harvested?

Dr. HILBERT. In combining wheat the grain, of course, is collected in the combine. We have also worked in cooperation with the agricultural equipment companies with the aim of developing a baler for baling wheat straw, the straw that is left after the kernel is harvested.

Mr. KLEIN. What was it used for before they used it for the possibility of making pulpwood?

Dr. HILBERT. Wheat straw is left on the ground in many areas. It is, of course, important in improving the fertility of the soil, increasing the organic matter, but in some parts of the country wheat straw is burned, particularly in the drier parts of the United States. That is that belt of States from North Dakota on down south. There it has been found that if the wheat straw is turned back into the soil it tends to consume most of the free nitrogen that is in the soil and also tends to be a nesting place for insects. For that reason much of that wheat straw is burned.

Mr. KLEIN. Just to get rid of it?

Dr. HILBERT. Yes.

Mr. KLEIN. In other words, if we can salvage that we are really accomplishing two purposes. We have an additional source of pulp and we also get rid of waste where we don't use it or don't need it?

Dr. HILBERT. And the farmer has a potential source of added income.

Mr. KLEIN. You may proceed.

Dr. HILBERT. Depending upon the results obtained in these surveys, that is, if they are favorable, as we expect they will be, we will

conduct similar surveys in the other large wheat producing States, such as Nevada, Iowa, Kansas, Texas, Oregon, Washington, and so on.

The mechano-chemical process that we have developed for producing pulp from bagasse and wheat straw has been patented and dedicated to the Secretary of Agriculture. It is available for the free use of the public.

A large engineering concern has publicized the fact that it is willing and has the knowledge to set up plants using the process that we have developed.

To summarize, the interest in use of agricultural residues as a source of pulp is about the same as it was 2 years ago when this committee was considering the problem. Outside of the United States the interest in using agricultural residues as sources of pulp has accelerated. We have had indication that about 10 newsprint plants or pulp plants are to be set up in a number of foreign countries which will use agricultural residues as sources of new material. The process that we have developed is being used in England and in Holland, and a plant in Mexico is under construction.

I have here samples of papers produced from bagasse and wheat-straw pulps if you would care to look at them. This bulletin was prepared from the paper produced by the Valentine Paper & Pulp Co., in Louisiana. These newspapers, which are the Peoria Journal, were produced from a blend containing 70 percent ground woodpulp and 30 percent bagasse pulp in the one case and 30 percent wheat-straw pulp in the other.

Mr. KLEIN. Could you leave these with us?

Dr. HILBERT. Yes.

Mr. KLEIN. Let us mark them so that the reporter will be able to identify them. The Sugar Bulletin is the one you say was made entirely from bagasse down in Louisiana?

Dr. HILBERT. That is right.

(The bulletin referred to was filed with the committee.)

Dr. HILBERT. And four sheets of that newspaper were made using bagasse pulp and also wheat-straw pulp. One newspaper is made from wheat-straw pulp and the other from bagasse pulp. Each one has indicated thereon a typewritten statement as to just what it was manufactured from.

Mr. BEAMER. Could the average person distinguish one from the other?

Dr. HILBERT. I think it would be a little hard to distinguish between them. You will notice the one made from bagasse and wheat straw is a little lighter and takes the print better than the one made from ground pulp.

Mr. KLEIN. We also have here some bond paper on the letterhead of the United States Department of Agriculture which is very interesting. We will place that in the files.

(The bond paper referred to was filed with the committee.)

Mr. KLEIN. Can you tell us, Doctor, about the relative cost of the paper that is manufactured, let us say, one from bagasse and the other from the usual sources?

Dr. HILBERT. On a practical scale that information ought to be available soon. I am thinking of the mill that is actually in production in Louisiana. It is a little difficult to give an exact cost picture now.

Mr. KLEIN. I just wondered whether you might tell us percentage-wise or even generally whether one is cheaper than the other?

Dr. HILBERT. I think the ground woodpulp is certainly cheaper than the production of pulp from bagasse or from wheatstraw. We believe that pulp from wheatstraw and bagasse is too good a fiber to use in newsprint unless it is used for blending purposes to improve the paper.

Mr. KLEIN. Have you finished your statement, Doctor?

Dr. HILBERT. I have finished my statement.

Mr. KLEIN. Are there any questions?

Mr. Beamer? Mr. Granahan? Mr. Bush?

Mr. BUSH. Only to say that I am certainly pleased to find out that there is research developed to the extent that you are finding that you can use other products to make the pulp to obtain newsprints. I am very pleased about that. I have thought for a long time it was more research in that direction that we should have.

Mr. KLEIN. I just have one question. Your department, as I understand it, the Bureau of Research of the Department of Agriculture, has jurisdiction over this phase that you are talking about now?

Dr. HILBERT. That is correct.

Mr. KLEIN. Does the Department of Commerce have any comparable organization or function that you know of?

Dr. HILBERT. At the National Bureau of Standards they have the responsibility for testing and developing standards with respect to papers.

Mr. KLEIN. That is as far as it goes?

Dr. HILBERT. Yes, sir.

Mr. KLEIN. The reason I ask, Doctor, is because I noticed that, the Judiciary Committee of the House went into this same subject and the Department of Commerce submitted a report on this subject that you are testifying about. I was just wondering whether maybe they were trying to get into the act or just what the reason was for that?

Dr. HILBERT. No. We are cooperating with them very closely and we are also cooperating with the Forest Products Laboratory of the Forest Service, as well as industrial companies.

Mr. KLEIN. However, it is the responsibility of your organization?

Dr. HILBERT. That is correct, and 2 years ago we submitted a report on this problem.

Mr. KLEIN. I want to compliment you as well as the other witnesses who testified. This is a very important subject, as I think we all agree, and it warrants the time that we hope to be able to give it. We certainly appreciate, and expect for that matter, the cooperatio of the different branches of our Government.

You talk about the possibility of some of the foreign countries setting up bagasse plants and things of that kind. Have any of them gotten to the point of production? How about that one in Peru which seems to be a pretty large one? I do not recall whether I asked you this question before.

Dr. HILBERT. I understand that is a successful operation.

Mr. KLEIN. Was that the first one?

Dr. HILBERT. I don't believe that was the first one. I believe the plants in Brazil started their production before the one in Peru.

Mr. KLEIN. You mentioned the one in Cuba. They have not gotten into any production yet?

Dr. HILBERT. No; they have not.

Mr. KLEIN. Thank you very much. We appreciate your cooperation.

(Whereupon, the committee adjourned at 11:55 a. m., to reconvene at the call of the chairman.)

NEWSPRINT STUDY

TUESDAY, JANUARY 10, 1956

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE,
Washington, D. C.

The subcommitee met at 10 a. m., pursuant to notice, in room 1334 of the House Office Building, Hon. Arthur G. Klein (chairman of the subcommittee) presiding.

Mr. KLEIN. The subcommittee will come to order.

We are meeting again today to review the situation respecting the adequacy of the supplies of newsprint to meet the demand of our publishing industry.

The situation today certainly is much less favorable than it appeared to be a year ago this time, although the developments during the year have borne out the warning which this committee made in its report to the House last spring. At that time we pointed out that foreign demand was on the increase, the British were contemplating entering into the picture with the elimination of rationing, United States demand was on the increase, and this rate of increase had been somewhat obscured during the previous few years owing to the domestic adoption of narrower roll widths.

We concluded by saying:

> The situation beyond the very immediate future requires careful watching. There is nothing in the outlook which lends any assurance, though there are favorable factors, that newsprint users in the United States, and in the world, will continue to get all of the newsprint they may want.

During the recess of the Congress, members of the committee have continued to study the factors bearing upon supply and demand, not only in examination of the prospects from Unites States mills, but also from Alaskan and Scandinavian sources, and I might add that the subcommittee stopped in New Zealand and Japan and looked into the situation there, as well as the increases to be expected in foreign demand. We have felt today it would be best to proceed with a résumé of the situation from the Forest Products Division, Business and Defense Services Administration, Department of Commerce. This Division has been most helpful in the past in outlining the outlook for us, although I believe that last time they were here they were a bit more optimistic than the situation warranted.

Now, the first witness will be Mr. Donald Shook, Deputy Director of the Forest Products Division, Business and Defense Services Administration, Department of Commerce.

I believe that Mr. Mueller, the Assistant Secretary, is here with you.

STATEMENT OF HON. FREDERICK MUELLER, ASSISTANT SECRETARY FOR DOMESTIC AFFAIRS, DEPARTMENT OF COMMERCE

Mr. MUELLER. Mr. Chairman and gentlemen, I am Frederick H. Mueller, Assistant Secretary of Commerce in Charge of Domestic Affairs. Under my jurisdiction is the Business and Defense Services Administration, and under that, of course, is the Forest Products Division of which Mr. Shook is the Deputy Director.

Last fall when Dr. Stevenson of your professional staff requested that this survey be made we were very grateful and very happy to be of service in compiling the information which is now before you in printed form. As you stated, Mr. Chairman, possibly last year we were a little optimistic. It is difficult to make any determination with respect to what the demand is going to be and what the supply is going to be. The supply is comparatively easy to determine, but what the demand is going to be both here and abroad is conditioned upon so many, shall we say, imponderables that to make a definite statement as to what the demand will be is difficult.

For instance, last year in this country I think that our increase in actual use was between 8 and 9 percent. That is the actual fact that has been developed but it could not be foreseen that it would be to that extent. People could make a very good guess but it was, after all, a guess and was not based on statistics that were valid.

The figures that have been developed in this report are based on the disposable net income, that is again an estimate for the future. It seems to be the most reliable guide we can tie the particular information that we would like to get to, and in the absence of more reliable statistics we must make those estimates.

It is not my purpose to go into detail. The report itself speaks for itself. We are in a very tight situation. There is no question about that. To develop increased supplies is a matter of several years in the making. You must not only determine where the raw materials are available but you must attract capital, and it requires a considerable amount of capital.

I think personally, and I am speaking from that standpoint, if the demand in the future can be assured and long-term contracts with publishers obtained, I am very sure that sufficient capital will be attracted. We do have the raw materials. I was astounded frankly to note the amount of acreage necessary to support one mill. It is somewhere in the neighborhood of 500,000 acres, from which an annual crop can be obtained in order to support 1 newsprint mill on the basis which it should be formed.

Mr. HALE. Of what capacity?

Mr. MUELLER. Of approximately 300 tons daily, and as I understand, again that is, let us say, the economical size mill, and it costs somewhere around $100,000 to $125,000 per ton of capacity as a capital investment.

Also from these statistics which I am just quoting casually from memory, and of course they can be substantiated to the exact degree. It takes approximately a cord of pulpwood, of ground pulp, to make a ton of newsprint. However, only 80 percent of the newsprint content is ground pulpwood. There must be a longer fibered pulp

introduced to the extent of about 20 percent which then makes the finished product. But it takes 1¾ cords of pulpwood for the longer fibered variety, which you can see is necessary to give the firmness to the paper.

I feel this is a matter of importance and I am very happy that the Congress and the House especially are interested to the degree that they are in this problem. I think we all recognize that none of us are in favor of allocation or in any way restricting our free-enterprise system. I think if it is given a chance to operate and the facts are brought before the country as they undoubtedly will be, there will be ample capital attracted and business enterprises started that will alleviate the situation as time goes on.

We are faced with one situation, however, which probably might be commented on. As you know, newsprint has been rationed in many foreign countries, especially in the United Kingdom. Some of their news sheets, as some of us have seen, are pretty skimpy things. But I believe in March of this year they are planning to remove the restrictions. It is very difficult to determine what the demand in Great Britain will be. As a result of the removal of their rationing or allocation system, we cannot tell what will happen. That is again an unknown factor.

But the statistics that we have gathered and which we have presented here represent, let us say, a very careful estimate on the part of the Department of Commerce and the Forest Products Division of what the requirements will be and what our supply will be. It is out of balance somewhat.

If there are any questions, Mr. Chairman, I would be very happy to answer them.

Mr. KLEIN. As I understood it, Mr. Shook will present the statement, and then perhaps the committee would prefer to defer the questioning, at which time we can question you both. You are going to stay here, are you not?

Mr. MUELLER. Yes, I will be here.

Mr. KLEIN. Perhaps we can ask questions later.

The next witness is Mr. Donald Shook.

STATEMENT OF DONALD SHOOK, DEPUTY DIRECTOR, FOREST PRODUCTS DIVISION, BUSINESS AND DEFENSE SERVICES ADMINISTRATION, DEPARTMENT OF COMMERCE

Mr. SHOOK. Mr. Chairman and gentlemen, my name is Donald Shook, and I am Deputy Director of the Forest Products Division of the Department of Commerce. We did not have a prepared statement. I thought that perhaps if we briefly reviewed the report for you, and pointed out some of the high lights, it would bring forth questions on your part that we could attempt to answer.

Mr. KLEIN. You are submitting at this time this report?

Mr. SHOOK. This is a preliminary report, yes, sir.

Mr. KLEIN. We will put the report in the record at this point, and then Mr. Shook will just paraphrase it or summarize it.

(The report is as follows:)

PRELIMINARY REPORT NEWSPRINT PRODUCTION AND SUPPLY AND NEWSPAPER CIRCULATION, ADVERTISING AND NEWSPRINT REQUIREMENTS

(Prepared by Forest Products Division, Business and Defense Services Administration, U. S. Department of Commerce, January 1956)

United States Newsprint Outlook for 1956

The estimated consumption demand for newsprint in the United States for 1956 is 6,700,000 tons, an increase of 125,000 tons over 1955. In addition, there is a need for rebuilding inventories of at least 100,000 tons, which were withdrawn from publishers' stocks during 1955. The total demand is thus 6,800,000 tons, the level which is used in this report. The 1957 demand has been estimated as 6,800,000 tons, which, although the same as the total used for 1956, does not include an inventory buildup, and actually represents a 100,000-ton increase in consumption requirements over the 1956 level of 6,700,000 tons.

The supply of newsprint for United States consumers in 1956 is estimated at 6,735,000 tons, which is only 35,000 tons above consumption demands and would not permit the rebuilding of inventories by 100,000 tons which would be required to bring them back to 1954 levels.

The Canadian Newsprint Association has estimated that exports of newsprint from Canada to the United States in 1956 will be 5,200,000 tons. Imports of newsprint from overseas in 1956, principally from the Scandinavian countries, are estimated at 125,000 tons. United States production of newsprint will be about 1,630,000 tons in 1956 of which approximately 220,000 tons will be exported, leaving a supply for United States consumers of 1,410,000 tons—an increase of 110,000 tons over 1955.

The 1956 supply-demand picture is summarized in the following table:

United States newsprint supply-demand, 1956

[In thousands of tons]

Demand:		
Consumption demand		6,700
Rebuilding of inventory		100
Total 1956 demand		6,800
Supply:		
Imports from Canada		5,200
Imports from overseas		125
United States production	1,630	
United States exports	−220	
United States supply for United States consumers	1,410	
Total 1956 supply		6,735

Any increase in newsprint demand over these levels would, of course, seriously aggravate the supply-demand picture and would, in effect, bring supply below the consumption level. Further, if actual supplies were not to reach the levels estimated in this report, there would again be a shortage of newsprint for actual consumption, let alone for rebuilding of inventories.

Introduction

Newsprint is an international commodity. It is consumed in every civilized country in the world, largely for the printing of newspapers.

Numerous countries consuming newsprint depend entirely upon imported supplies. In many countries where newsprint is manufactured, production fails to meet consumption needs, and supplemental imports are necessary. Only Canada, Finland, Sweden, Norway, and Austria are net exporters of significant quantities to other world markets.

In an attempt to establish the world situation with respect to newsprint, the Department of Commerce cabled American embassies in 25 foreign countries, requesting information on newsprint consumption, production, and requirements. The replies, with slight adjustments, have been consolidated and tabulated by various world regions. Because it was impossible to establish newsprint inventories in any countries other than Canada and the United States, consumption

figures shown for all countries, including the United States and Canada, have been arrived at by adding production to imports and subtracting exports.

Of the total world estimated production of approximately 12,500,000 tons in 1955, Canada produced slightly less than 50 percent. The indicated world consumption of 12,645,000 tons in 1955 will show a 145,000-ton world deficit. In the United States approximately 100,000 tons of this deficit has been met by withdrawals from newspaper publishers' inventories. These inventories now are at a dangerously low point, and further significant reductions will not be possible. The remainder of the deficit, 45,000 tons, presumably has been met by the same type of inventory shrinkage in other countries of the world. Estimated world consumption in 1956, of 13,280,000 tons, provides for rebuilding of publishers' inventories in the United States.

In 1955 the United States was by far the world's largest market, taking about 5,175,000 tons, almost 50 percent of total world exports.

Notwithstanding the importance of the United States as a consumer and importer of newsprint, and the major significance of its neighbor, Canada, as a producer and exporter, the availability of newsprint to United States customers is affected by the strength of world demand in relation to supply. For example, in 1951 and 1952 the economic stimulus of the Korean war increased the demand for newsprint in the United States and a number of foreign countries above world supplies. The margin of world shortage was estimated by the Newsprint Association of Canada to have been relatively small, perhaps no more than 3 percent in 1951 and about 1 percent in 1952 above available supply.

Because of this situation, the International Materials Conference added newsprint to its list of commodities subject to consideration for voluntary allocation by member countries. Following careful analysis of requests from foreign countries placed before the Conference, it made recommendations as to highly essential needs of a number of countries. United States and Canada, being the major consuming and producing countries, voluntarily agreed to meet the needs. Allocations were shared between the United States and Canada in proportion to their respective production. This action conformed with the general policy of the United States in sharing products in short supply with friendly foreign countries. In the case of newsprint, there was the additional incentive to foster a better international understanding through a free press overseas.

In 1953 and 1954, world supply was more than adequate to meet world demands. This condition was the result of increased world capacity and production at a time when United States consumption remained relatively unchanged, although other countries increased imports and consumption to a substantial degree. Improved economic conditions in many foreign countries have not only stimulated increased consumption of newsprint, but have also permitted easing of import restrictions prevalent in earlier years.

The year 1955 witnessed an unexpectedly large increase in United States consumption of newsprint. We have been informed that late in 1954, following the usual annual custom, many producers of newsprint, both in the United States and Canada, surveyed their contract customers in an effort to determine their 1955 requirements. The customers' appraisal of their requirements at that time showed that the 1955 consumption would follow quite closely the level of 1954. However, for the first 11 months in 1955 consumption was running 8.2 percent over 1954, with November 1955 being 9.9 percent ahead of November 1954.

It is our understanding that the customary trade practice with respect to long-term tonnage contracts between newsprint customers and newsprint manufacturers is not to require the customers to take their full contract commitments should their orders fall short of the contract total at the end of the year. The customer, of course, is entitled to his full contract tonnage should he require it, but in times of normal supply-demand balance he need not take his full commitment. The supplier surveys his production against actual orders and, if he has excess production available, sells it to noncontract publishers, printers, converters, Government, and other nonnewspaper end-users. In recent years, some of this excess supply has been sold for export.

Beginning in the first quarter of 1955, United States newsprint customers started ordering newsprint on the basis of full contractual commitments. By the latter part of 1955 many Canadian and United States newsprint mills found themselves in the position of receiving more orders than they could produce. In some instances this was the result of overestimating machine production; in others, of underestimating United States customer requirements by basing them on a historical average. In some areas, production has decreased because of water shortage due to droughts.

In many instances, mills producing newsprint have notified their customers of cutbacks in deliveries. These cutbacks are variable. They range in one instance from 5 percent for paper merchants only, to as high as 12½ percent to all customers. Some mills have indicated that they would attempt to make up this difference in deliveries before the middle of 1956. Generally speaking, this condition, particularly in the United States, will result in decreased consumption because, as stated above, inventories have generally been reduced to a point where it will not be possible for United States publisher customers to consume more paper than they are receiving.

A spot check of the production of sheeted newsprint disclosed that the total tonnage of sheeted newsprint consumed in the United States, principally by small weekly newspapers, is small in comparison with the overall consumption. To the best of our knowledge, manufacturers and sheeters of newsprint expect to operate their sheeting equipment during 1956 at its maximum capacity, irrespective of their ability to deliver full contract commitments of roll newsprint. While probably no more sheeted newsprint will be available to weekly newspaper publishers in 1956, the level of operation should assure a supply of sheeted tonnage equal to that of 1955.

We have been asked to comment on the cost of newsprint for newspaper publishing. To the best of our knowledge, the cost of newsprint varies from 15 percent of total cost for small weeklies and dailies to as much as 55 percent of total cost for large metropolitan dailies.

A small weekly newspaper with a circulation of approximately 3,000 and with a varying number of pages, from 8 to 16, would consume between 1,000 and 2,000 pounds of newsprint per week. This newspaper's cost for newsprint before the recent price increase would have varied from $63 per week to $126 per week. After the recent price increase, the cost would range from $65 to $130. The current increase in price, the first in 3 years, amounted to approximately 4 percent, while the price of other grades of paper has increased 6 percent over the same period.

Large metropolitan newspapers in general consume many thousands of tons of newsprint per year. The recent price increase of $4 multiplied by that tonnage would result in many thousands of dollars added cost for each publisher. It is not so much the increased cost to small newspapers as it is the shortage of newsprint which has a tendency to limit the natural growth of such small newspapers. Although the large metropolitan dailies consume by far the greatest proportion of newsprint, the spectacular growth in circulation and advertising is in the smaller daily and weekly papers. It is these which will be penalized by inadequate supply.

FIBROUS MATERIALS FOR MANUFACTURE OF NEWSPRINT

Wood

The basic and most important material needed for the manufacture of newsprint is wood. Most of the newsprint manufactured in the world is made from wood pulp produced from coniferous trees. From 80 to 85 percent of the content of a sheet of newsprint is groundwood pulp. The other 15 to 20 percent is long-fibered material. In the North, this long-fibered material is sulfite pulp; in the South, it is sulfate pulp. A ton of groundwood pulp requires approximately one cord of wood. A ton of long-fibered pulp, however, requires roughly 1¾ cords of wood. It therefore requires about 115 cords of wood to produce 100 tons of newsprint.

A minimum daily production is required for the economic operation of an integrated mill for the manufacture of newsprint. We are told that, to be profitable, a mill must produce at least 300 tons of newsprint per day. Using the 80–20 pulp ratio, that daily minimum tonnage of newsprint would require 240 tons of groundwood pulp and 60 tons of long-fibered pulp. However, it is not practical or economic to build a pulp mill of this size for the production of either sulfite or sulfate long-fibered pulp. For such material the minimum economic production is, we are informed, at least 200 tons per day. Some integrated newsprint mills recently built are large enough to consume that amount of long-fibered pulp in the production of newsprint. Other smaller mills use the excess long-fibered pulp in the production of other grades of paper or paperboard, or sell it as market pulp.

A mill with a daily output of 200 tons of long-fibered pulp and 300 tons of newsprint would require approximately 600 cords of wood per day. The Forest Service of the United States Department of Agriculture advises that in the South 1 acre of land will produce approximately four-tenths of a cord of wood per year. Therefore, to support a mill of the minimum economic size, on a sustained yield

basis, nearly 500,000 acres of forest lands would be needed, located near enough to the mill site to permit economical transportation of pulpwood.

Although the attached report of the Forest Service indicates that there is a sufficient overall supply of timber in this country to meet any reasonable future demands, timber supply alone is not the governing factor in the production of newsprint. Mills, of necessity, must be located in areas where the supply of wood is sufficient to maintain uninterrupted production and where, in addition, there are assured supplies of power and suitable water.

Other fibrous materials

During the past few years the Department of Commerce has prepared and presented to the Congress reports on investigations into the possible use of other fibrous materials than wood in the manufacture of newsprint. One of these materials is bagasse (sugarcane residue), which is covered in a report to the 82d Congress, 2d session, entitled "A study of Newsprint Expansion: A Progress Report of the Department of Commerce to Subcommittee No. 5 of the Committee on the Judiciary, House of Representatives" (see appendix F, beginning on p. 103).

One United States mill manufacturing paper from bagasse is the Valentine Pulp & Paper Co., Inc., of Lockport, La. This company, in a letter dated December 17, 1955, stated in part as follows:

"We've not made any newsprint as such since I have been with the company. A number of small publishers have been buying our regular tablet grade right along, but it certainly cannot be classified, nor sold, as a newsprint. Our daily production capacity is so limited, our overhead won't allow us to compete with the enormous tonnages (by comparison) produced by the newsprint mills.

"Some of the area papers have been experimenting with various inks and press pressures to improve the appearance of their sheet when using bagasse (tablet grade). * * * They have not yet completely solved the problem but are working actively toward that end."

We understand that technical difficulties in ink absorption and in the handling of bagasse for newspaper printing have not yet been overcome, and for the near future any increased use of newsprint made from bagasse does not appear to be likely.

Perhaps the greatest advancement in the use of fibers other than those generally used in the manufacture of newsprint is in the utilization of percentages of hardwood pulps. One United States manufacturer of newsprint, who is a pioneer in the use of ground hardwood, informs us that its newsprint now contains more than 25 percent ground hardwood. The manufacturer is continuing to experiment, hoping to increase this percentage, and the prospects seem to be quite favorable. We know that other paper manufacturers, particularly in the Northeastern and Central States, are also using ground hardwood in the manufacture of other grades of paper.

As previously explained and as pointed out in the report from the Forest Service, one of the greatest possibilities for the expansion of newsprint production in the United States appears to be in the South, where there still are some available timber lands of sufficient size to support newsprint production. Also located in this area are mills that could expand their production to include newsprint along with other papers and paperboard.

Newsprint from waste paper

The manufacture of newsprint from waste paper is still in an experimental stage, but technical advances in this area appear to be quite promising. Mr. Richard Scudder, publisher of the Newark News, informs us that a process in which he is interested appears to provide a satisfactory sheet of newsprint, and that production on an experimental basis will be continued. It appears to us that much more research could be provided in this field and in the field of ink manufacturing. The lack of financial support for research in these areas, particularly in the manufacture of newsprint, is apparently slowing down development on a scale large enough to prove the parcticability of building mills to utilize waste newspapers in the manufacture of new newsprint. No mills that are equipped to manufacture paper and board from waste paper can produce newsprint without additional facilities because the brightness required for newsprint generally exceeds that required for most other paper products made from waste paper. The Federal Government through its various agencies could perhaps contribute substantially to the advancement in this field.

Capital investment

Very large capital expenditures are required to add newsprint capacity. To build a newsprint mill requires a capital investment of $100,000 to $120,000 per

daily ton. Daily capacity ranges from 300 to 400 tons a day. On this basis, total capital outlay for one new mill could run from $30 million to $48 million. This expenditure, however, would not cover the purchase of any forest lands.

The apparent requirements for newsprint in the United States by 1965 will be 8,250,000 tons, an increase of 1,300,000 tons over the 1958 level of 6,950,000 tons. If this additional requirement were to be met from United States production alone, the increase in United States capacity beyond the estimated 1958 level of 2 million tons would represent 9 to 12 complete new mills, depending on daily capacity. Such an addition would require a capital investment ranging from $400 million to $480 million, exclusive of the purchase of forest lands.

Newspaper publishing

The projection of demand for newsprint through 1965 has been based on the projection of the real disposable income, contained in the report of the staff of the Joint Committee on the Economic Report.

Since approximately 94 percent of the newsprint consumed in the United States is for the printing of newspapers, the projection was checked against available information on circulation growth, advertising linage, and content. The apparent circulation of daily newspapers in 1965 is estimated to be 66,254,000, compared with 55,072,000 in 1954. The circulation per family in 1965 is estimated to be 1.18 papers. The number of pages for newspapers of 100,000 or more circulation is estimated to average 53 pages per issue for daily newspapers, and 179 pages per issue for Sunday newspapers. In this instance we do not believe that the sample used is large enough to give a completely accurate picture. However, it is the only information available at this time.

The table and chart on newspaper consumption of newsprint by content show that the relation of advertising to editorial content in 1941 was 40 percent advertising and 60 percent editorial. From 1943 to 1946 the advertising content of newspapers generally increased to 54.5 percent, and to 58.9 percent in 1954. The rapid increase in percentage of advertising content from 1943 to 1946 undoubtedly reflects the paper-use limitations imposed during the war years. We believe that the present ratio of approximately 60 percent advertising and 40 percent editorial will not be materially changed through 1965.

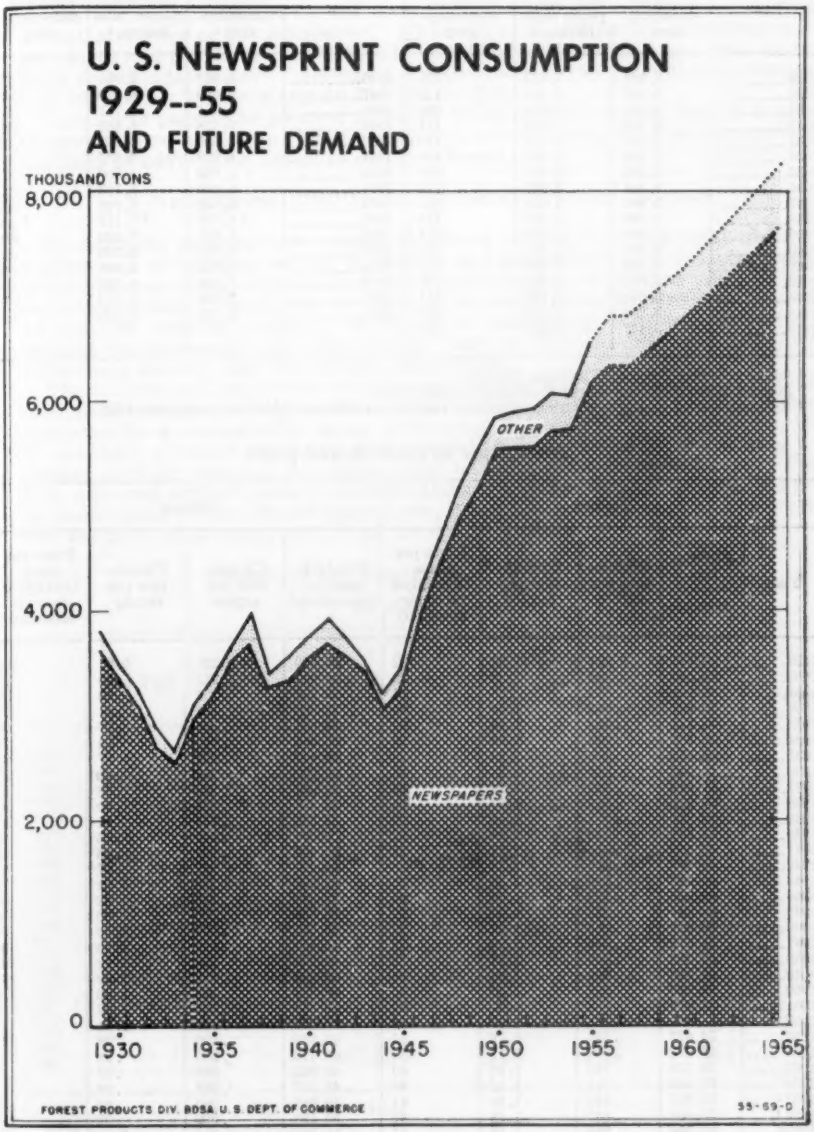
Since the ratio of advertising to editorial content is expected to remain constant, the two principal factors that will govern the consumption of newsprint by newspapers through the year 1965 are advertising linage increases and circulation gains based on population growth. The indexes of advertising linage in newsprint consumption over a period of years follows closely the disposable personal income. Using the period 1949 to 1955 and comparing advertising linage trends with disposable personal income trends, we have estimated that advertising linage will increase from 1955 to 1965 by 33 percent.

United States Newsprint Consumption 1929–55 and Future Demand

Newsprint consumption in the United States, keeping pace with the expanding economy, had reached a level of 3,801,000 tons in 1929. There followed a steady decline during the depression years of the early 1930's to a low in 1933 of 2,667,000 tons. By 1937, a new peak in newsprint consumption of 3,967,000 tons was reached, indicating the measure of economic recovery. War clouds in Europe began to affect the world economy in 1938, and United States newsprint consumption dropped sharply. Three years of increasing consumption, 1939–41, were followed by another downward trend, which continued through World War II to a low of 3,209,000 tons in 1944.

In 1945 use of newsprint again rose and continued steadily upward, reaching a level of 4,202,000 tons in 1946, 5,528,000 tons in 1949, 6,082,000 tons in 1954 and an estimated 6,575,000 tons in 1955.

Approximately 93 to 94 percent of United States newsprint consumption is accounted for by daily and Sunday newspapers; the other 6 to 7 percent goes into the weekly press, periodicals, commercial printing, and Government and other usage. Newspaper growth, through increases in circulation and advertising lineage, is related to population and disposable personal income. Therefore, newsprint requirements are expected to increase in the future along with the growth of population and disposable personal income. On the assumption of a population of 190 million and disposable personal income of $380 billion, it is estimated that total United States apparent demand for newsprint in 1956 will approximate 8,250,000 tons.


U. S. NEWSPRINT CONSUMPTION
1929--55
AND FUTURE DEMAND
THOUSAND TONS
8,000
6,000
4,000
2,000
0
OTHER
NEWSPAPERS
1930
1935
1940
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA, U. S. DEPT. OF COMMERCE
55-69-D

United States newsprint consumption 1929–55 and future demand

[In thousands of tons]

Year	Total apparent consumption [1]	Consumption newspaper publishing [2]	Other apparent consumption	Year	Total apparent consumption [1]	Consumption newspaper publishing [2]	Other apparent consumption
1929	3,801	3,623	178	1946	4,202	3,995	207
1930	3,497	3,385	112	1947	4,686	4,420	266
1931	3,288	3,083	205	1948	5,161	4,781	380
1932	2,882	2,698	184	1949	5,528	5,142	386
1933	2,667	2,557	110	1950	5,856	5,521	335
1934	3,103	2,952	151	1951	5,903	5,557	346
1935	3,339	3,178	161	1952	5,940	5,569	371
1936	3,661	3,507	154	1953	6,090	5,713	377
1937	3,967	3,634	333	1954	6,082	5,723	359
1938	3,396	3,251	145	1955	[3] 6,575	[3] 6,175	[3] 400
1939	3,549	3,344	205	1956	6,800	6,320	480
1940	3,746	3,507	239	1957	6,800	6,320	480
1941	3,934	3,694	240	1958	6,950	6,460	490
1942	3,750	3,587	163	1959	7,100	6,600	500
1943	3,524	3,409	115	1960	7,250	6,740	510
1944	3,209	3,048	161	1965	8,250	7,670	580
1945	3,427	3,237	190				

[1] Source: Forest Products Division, BDSA.
[2] Source: American Newspaper Publishers Association.
[3] Estimate based on approximately 8 percent increase 11 months 1955 over 11 months 1954.

Newspaper circulation and pages

	Dailies				Sunday			
Year	Circulation (thousands)	Circulation per capita	Circulation per family	Pages per issue (100,000 or more circulation)	Total circulation (thousands)	Circulation per capita	Circulation per family	Pages per issue (100,000 or more circulation)
1929	39,426	0.324	1.34	32	26,880	0.221	0.91	104
1930	39,589	.322	1.32	29	26,413	.215	.88	91
1931	38,761	.312	1.28	27	25,702	.207	.85	82
1932	36,407	.292	1.19	24	24,860	.199	.81	72
1933	35,175	.280	1.13	24	24,041	.191	.77	70
1934	36,709	.290	1.16	26	26,545	.210	.84	78
1935	38,156	.300	1.18	26	28,147	.221	.87	82
1936	40,292	.315	1.23	28	29,962	.234	.92	85
1937	41,419	.322	1.24	28	30,957	.240	.93	87
1938	39,572	.305	1.17	26	30,481	.235	.90	81
1939	39,671	.303	1.15	27	31,519	.241	.91	82
1940	41,132	.312	1.18	27	32,371	.245	.93	86
1941	42,080	.316	1.17	27	33,436	.251	.93	88
1942	43,375	.322	1.19	26	35,294	.262	.97	82
1943	44,393	.325	1.20	26	37,292	.273	1.01	78
1944	45,955	.333	1.24	23	37,946	.275	1.02	68
1945	48,384	.347	1.28	22	39,860	.286	1.06	70
1946	50,927	.361	1.32	27	43,665	.309	1.13	84
1947	51,673	.359	1.30	29	45,151	.317	1.13	94
1948	52,285	.357	1.27	32	46,308	.316	1.12	102
1949	52,846	.354	1.24	34	46,399	.311	1.09	107
1950	53,829	.357	1.23	36	46,582	.309	1.06	112
1951	54,019	.352	1.20	36	46,279	.301	1.03	113
1952	53,951	.347	1.18	36	46,210	.297	1.01	117
1953	54,472	.344	1.16	37	45,948	.290	.98	121
1954	55,072	.342	1.17	36	46,176	.286	.98	122
1955	56,158	.342	1.16	40	46,962	.286	.97	134
1956 [1]	57,365	.344	1.17	40	48,027	.288	.98	135
1957 [1]	58,565	.346	1.18	41	49,086	.290	.99	139
1958 [1]	59,606	.347	1.18	42	50,158	.292	.99	143
1959 [1]	60,656	.348	1.18	44	51,244	.294	1.00	148
1960 [1]	61,717	.349	1.19	45	52,168	.295	1.00	152
1965 [1]	66,254	.350	1.18	53	56,789	.300	1.01	179

[1] Estimates based on Bureau of the Census population projection, except pages per issue, which are based on advertising linage projection.

Newspaper Circulation and Pages

The demand for newsprint for newspaper publishing is determined by circulation, number of pages per copy, size of pages, and frequency of issue. The major factors are: (1) Circulation; (2) Number of pages.

Circulation is determined primarily by population, but per capita or per family circulation is also affected by the level of individual and family income, reader appeal, and price of the newspaper. Although total circulation continues to rise, per capita and per family circulation leveled off slightly in 1953 and 1954 for both daily and Sunday papers. Based on a population of 190 million, it is estimated that circulation will be about 66,254,000 in 1965.

Number of pages (the greatest potential for increased demand, since it is geared to economic expansion as well as population growth) is determined by content—the ratio of advertising linage to editorial linage.

Newspaper Consumption of Newsprint by Content

Newspapers perform two major functions or services: Editorial service to readers and advertising service to readers and advertisers. In 1941 the relation of advertising to editorial content was approximately 40 percent advertising, 60 percent editorial. Currently, the ratio is reversed, being 60 percent advertising, 40 percent editorial matter. In terms of newspring consumption editorial content has increased approximately 12 percent between 1941 and 1955, while advertising content has risen about 150 percent.

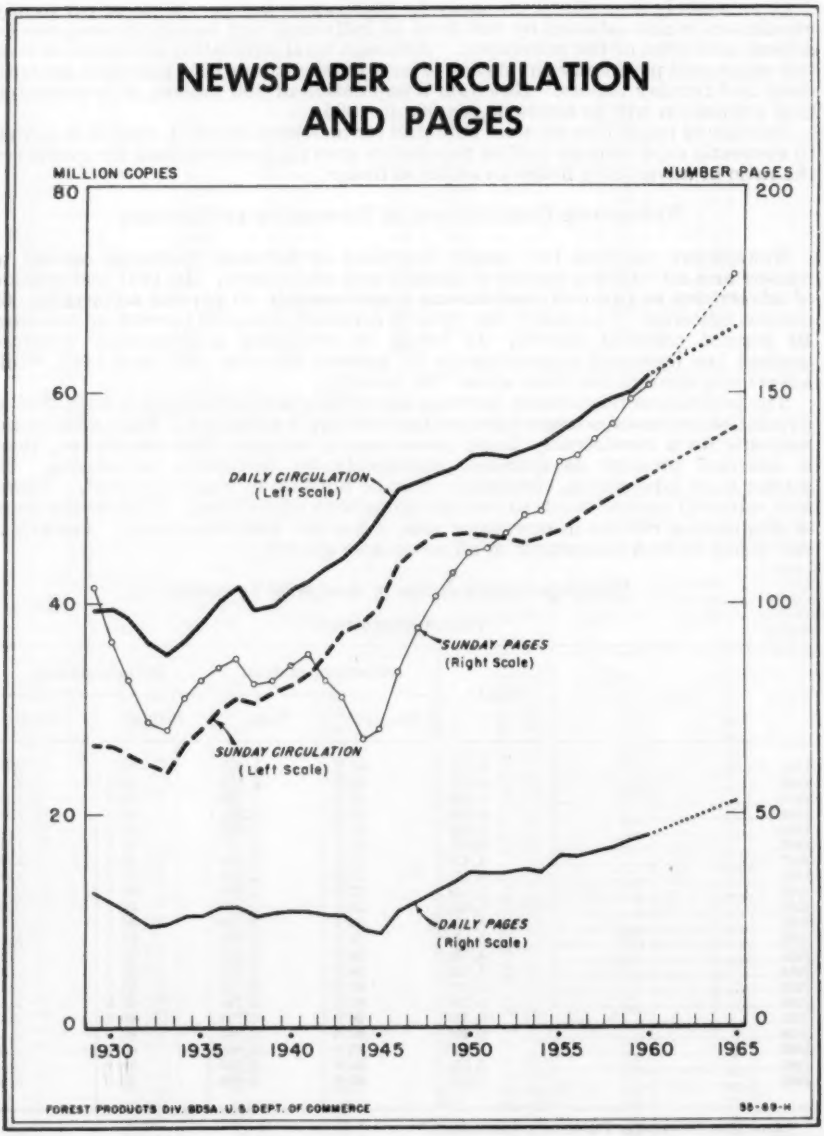
The interacting relationship between advertising and circulation is such that as circulation increases, a larger volume of advertising is attracted. Since advertising accounts for a considerably larger percentage of revenue than circulation, there is constant pressure to increase profitability by increasing advertising. To attract more advertising, circulation must be built up by reader interest. Therefore, editorial content tends to increase along with advertising. If there is a point of diminishing returns in newspaper size, it has not been discovered. Growth in size seems to be a component of all newspaper growth.

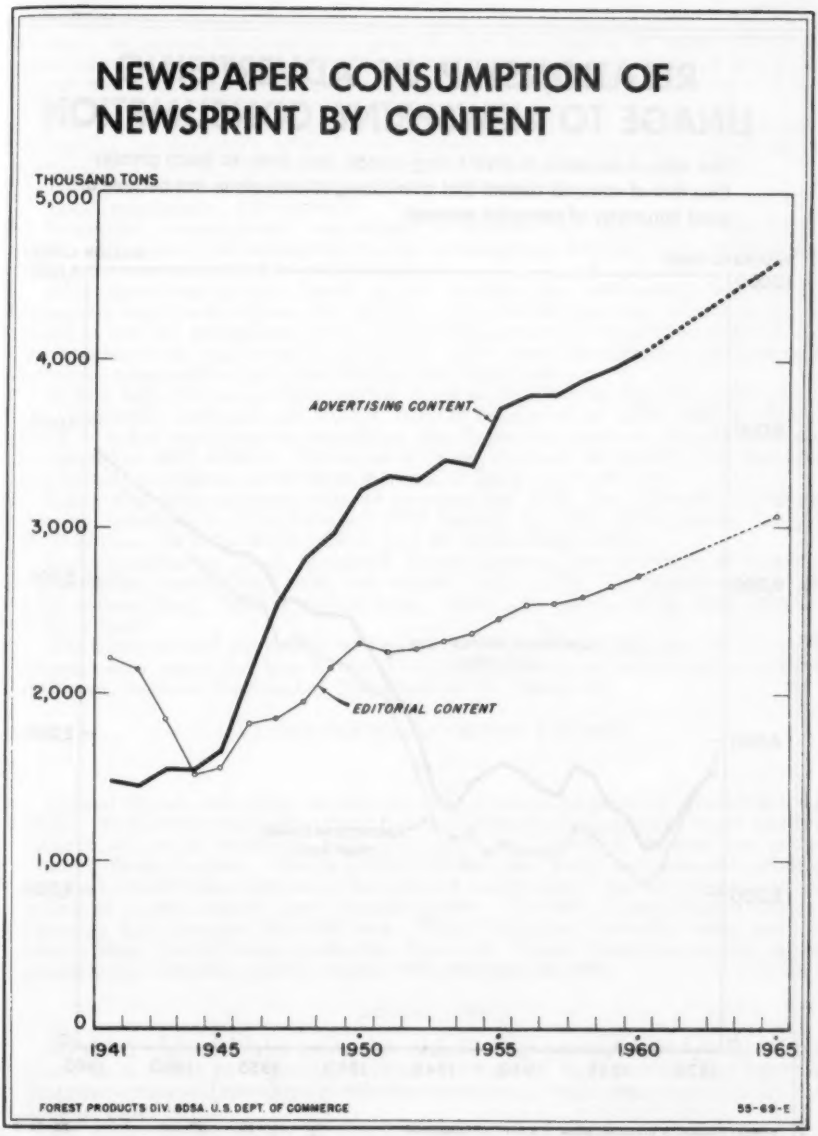
Newspaper consumption of newsprint by content

[In thousands of tons]

Year	Total [1]	Advertising content		Editorial content	
		Percent [1]	Tons	Percent	Tons
1941	3,604	40.1	1,481	59.9	2,213
1942	3,587	40.2	1,442	59.8	2,145
1943	3,409	46.0	1,568	54.0	1,841
1944	3,048	50.2	1,530	49.8	1,518
1945	3,237	51.5	1,667	48.5	1,570
1946	3,995	54.5	2,177	45.5	1,818
1947	4,420	57.7	2,550	42.3	1,870
1948	4,781	58.8	2,811	41.2	1,970
1949	5,142	57.9	2,977	42.1	2,165
1950	5,521	58.3	3,219	41.7	2,302
1951	5,557	59.3	3,295	40.7	2,262
1952	5,569	59.0	3,286	41.0	2,283
1953	5,713	59.4	3,394	40.6	2,319
1954	5,723	58.9	3,370	41.1	2,353
1955	[2] 6,175	[3] 60.0	3,705	40.0	2,470
1956	6,320	60.0	3,790	40.0	2,530
1957	6,320	60.0	3,790	40.0	2,530
1958	6,460	60.0	3,880	40.0	2,580
1959	6,600	60.0	3,960	40.0	2,640
1960	6,740	60.0	4,040	40.0	2,700
1965	7,670	60.0	4,600	40.0	3,070

[1] American Newspaper Publishers Association.
[2] Estimate based on approximately 8 percent increase, 11 months 1955 compared with 11 months 1954.
[3] Estimate based on approximately 11 percent increase, 11 months 1955 compared with 11 months 1954.


NEWSPAPER CIRCULATION AND PAGES
MILLION COPIES
NUMBER PAGES
80
60
40
20
0
200
150
100
50
0
DAILY CIRCULATION (Left Scale)
SUNDAY PAGES (Right Scale)
SUNDAY CIRCULATION (Left Scale)
DAILY PAGES (Right Scale)
1930
1935
1940
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA. U. S. DEPT. OF COMMERCE
55-89-H


NEWSPAPER CONSUMPTION OF NEWSPRINT BY CONTENT
THOUSAND TONS
5,000
4,000
3,000
2,000
1,000
0
ADVERTISING CONTENT
EDITORIAL CONTENT
1941
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA. U.S. DEPT. OF COMMERCE
55-69-E

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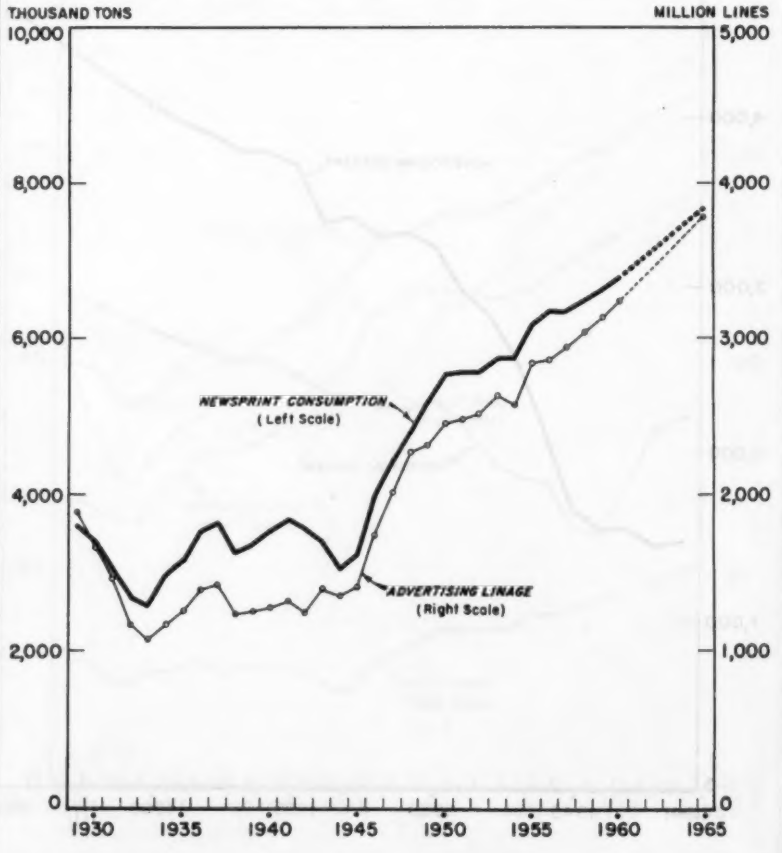
RELATIONSHIP OF ADVERTISING LINAGE TO NEWSPRINT CONSUMPTION

The rate of increase in advertising linage has been so much greater than that of editorial content that advertising volume alone has become a good barometer of newsprint demand.



FOREST PRODUCTS DIVISION, BDSA, U.S. DEPT. OF COMMERCE 58-69-5

Explanation of the Methods Used in the Projection of the Consumption of Newsprint

Approximately 93 to 94 percent of total United States demand for newsprint is required for newspapers. The consumption of newsprint by newspapers is determined by circulation multiplied by number of pages per issue. Circulation, in turn, is limited by population growth, and the number of pages per issue is determined in a great measure by advertising volume. Indexes of advertising linage and newsprint consumption over a period of years follow closely the index of growth in disposable personal income.

The projection of newsprint demand in 1965 is based on the correlation of newsprint consumption with the projections by the Committee Staff for the Joint Committee on the Economic Report. The projections used were:

Total disposable income (1954 dollars), $383 billion.

Total population, 190 million.

Newsprint consumption was related to income for the years from 1929 to 1955. Because of abnormalities in the consumption for the years 1938 through 1948, these were omitted from the analysis.

Since there was a clear break in the straight line relationship between consumption and income from the prewar period to the postwar period, it was decided to use the indications of the relationship given by the period 1949 to 1955. While admittedly this is a short period of only 6 years, nevertheless the correlation between consumption and real income was very high.

In line with the projections by the Joint Committee on the Economic Report the disposable personal income for 1955 is estimated at $270 billion. On the basis of a full employment projection, the disposable personal income in 1965 is estimated at $383 billion. This is an increase of about 42 percent over the entire period and represents an average increase of 3.5 percent per year.

Using this same average rate of increase for 1956, the estimate of the real disposable income in 1954 dollars is $279 billion; for 1957, $289 billion; for 1958, $299 billion; for 1959, $310 billion; and for 1960, $320 billion.

Corresponding to these projected income figures, the estimate of newsprint consumption would be: 1956, 6.8 million tons; 1957, 6.8 million tons; 1958, 6.95 million tons; 1959, 7 million tons; 1960, 7.25 million tons; and 1965, 8.25 million tons.

The analysis and projection of newsprint demand in 1965, and of advertising linage, were made by the Forest Products Division in consultation with the Office of Business Economics, Department of Commerce.

United States Newsprint Capacity

PAST

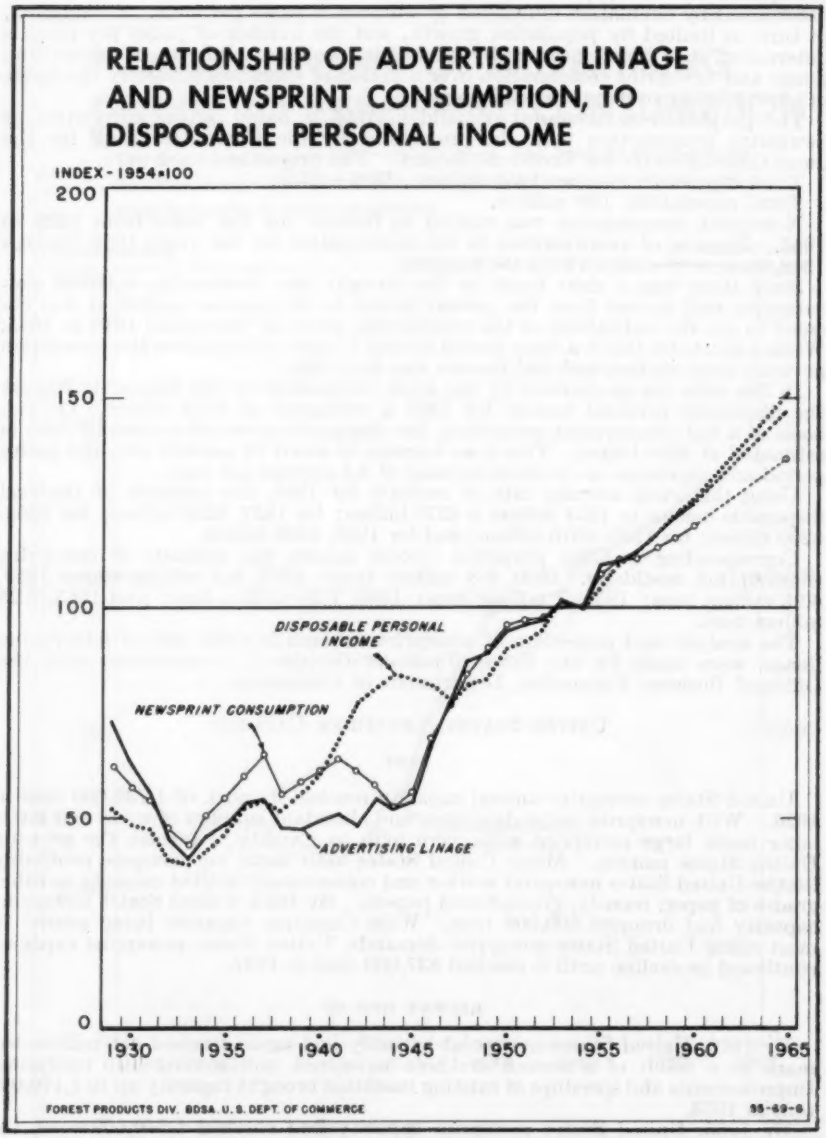
United States newsprint annual capacity reached its peak of 1,739,000 tons in 1926. With newsprint being duty free, and abundant supplies of wood and lower labor costs, large newsprint mills were built in Canada to furnish the growing United States market. Many United States mills could not compete profitably for the United States newsprint market and consequently shifted capacity to other grades of paper, namely, groundwood papers. By 1934, United States newsprint capacity had dropped 500,000 tons. With Canadian capacity being geared to meet rising United States newsprint demands, United States newsprint capacity continued to decline until it reached 837,000 tons in 1947.

RECENT (1950–55)

By 1950, United States newsprint capacity had again reached the million-ton mark as a result of a second southern newsprint mill coming into operation. Improvements and speedups of existing machines brought capacity up to 1,170,000 tons in 1953.

By 1955, United States newsprint capacity had reached 1,540,000 tons, the highest level of the last 22 years. Most of this increase resulted from the building of a third large southern mill and the expansion of a large mill in New England, which utilized a new pulp process for hardwoods.

In 1952, the Office of Defense Mobilization, at the recommendation of the National Production Authority, established an expansion goal for newsprint under authority of the Defense Production Act. Under this goal, calling for an expansion in United States newsprint capacity of 494,000 tons by January 1, 1956, certificates of necessity for rapid tax amortization were granted both for expansion of existing facilities and erection of new newsprint mills.


RELATIONSHIP OF ADVERTISING LINAGE AND NEWSPRINT CONSUMPTION, TO DISPOSABLE PERSONAL INCOME
INDEX - 1954=100
200
150
100
50
0
DISPOSABLE PERSONAL INCOME
NEWSPRINT CONSUMPTION
ADVERTISING LINAGE
1930
1935
1940
1945
1950
1955
1960
1965
FOREST PRODUCTS DIV. BDSA. U.S. DEPT. OF COMMERCE
55-69-6

The following companies received certificates of necessity (commonly called TA's) under this goal:

Bowater Southern Corp., Calhoun, Tenn.
Georgia Pacific Plywood Corp., Juneau, Alaska
Great Northern Paper Co., East Millinocket, Maine
Michigan Paper Co., Plainwell, Mich.
Publishers Paper Co., Oregon City, Oreg.
Southland Paper Co., Lufkin, Tex.
Superior Newsprint Co., Gary, Ind.
Valentine Pulp & Paper Co., Lockport, La.
West Tacoma Newsprint Co., Steilacoom, Wash.

The total tonnage involved in these TA's amounted to 571,000 tons. The excess over the program level of 494,000 tons was due to the final TA granted to Georgia Pacific Plywood Corp. for construction of a 155,000-ton mill near Juneau, Alaska.

Definite plans for construction of this mill were dependent on obtaining the timber-cutting rights to Forest Service lands in Alaska which were obtained this fall. The contract with the Forest Service calls for construction of a mill by 1961.

Two companies, Michigan Paper Co. and Superior Newsprint Mills, returned their certificates which covered 16,000 tons.

Actual expansion under the 494,000-ton goal has thus amounted to 400,000 tons. However, United States capacity has risen from 1,050,000 tons in 1951 to 1,540,000 tons in 1955, an increase of 490,000 tons, the same as called for in the expansion goal. The 90,000-ton increase over and above that covered by TA's is an accumulation from speedups, modernization, and more efficient operations obtained in this 4-year period.

The more significant expansions involving TA's were those of the Great Northern Paper Co., Millinocket, Maine, and the new southern mill built by Bowater Southern Corp. at Calhoun, Tenn. The Great Northern Paper Co., the largest United States producer of newsprint, undertook a considerable expansion based on a new chemi-groundwood pulping process which utilizes hardwoods, which were heretofore not considered fully adaptable to newsprint production. The Bowater mill, which began operation in the second quarter of 1954 was the third newsprint mill built in the South and the second one constructed in that region in the last 5 years.

1956–58

By 1958, United States newsprint capacity will have reached 2 million tons, the highest level in United States history and a doubling of capacity in the 8 years since 1950. To achieve this 2-million-ton level another 460,000 tons is expected to be added in the next 3 years.

NEW MACHINES

Present United States producers of newsprint have announced that at least four new machines will come into production by 1958 as follows:

Bowater Southern Corp., Calhoun, Tenn.—A new machine of 80,000 tons to be in full operation by 1957.

Coosa River Paper Co., Coosa Pines, Ala.—A new machine, production of which will be in operation in 1958 to the extent of 65,000 tons. An additional 35,000 tons will be available in 1959.

St. Croix Paper Co., Woodland, Maine.—A new machine will add 30,000 tons by 1958.

Southland Paper Co., Lufkin, Tex.—A new machine will add 70,000 tons, 30,000 tons in 1956 and 40,000 tons in 1957.

Great Northern Paper Co., Millinocket, Maine.—A second new machine, which began operation in August 1955, will, after a full year's operation, and by going on a 7-day week, add 50,000 tons in 1956.

NEW MILL

The International Paper Co. has started construction of a 100,000-ton newsprint mill at Mobile, Ala., which is expected to be in operation by 1957.

SPEED-UPS AND MODERNIZATION

In addition to the increases through new machines and mills, additional capacity will be realized through increasing the speeds of existing machines, improvements in both pulp and paper technology, etc. The additional capacity is estimated to be about 95,000 tons by 1958.

However, there are a number of old and inefficient newsprint machines in northern paper mills, the production of which will probably be shifted to more suitable grades of paper. These old (40–50 years) machines are slow running (1,000 feet a minute) and narrow (100–120 inches) in comparison with the new giants now being installed (2,000 feet a minute, 270–300 inches wide) and consequently are due to be shifted to grades of paper where speed and width are less exigent factors. An estimated 30,000 tons of capacity will be taken out of newsprint by 1958 by such shifting of production.

The net result of the speed-ups and modernization, balanced against the shifting of the older machines to other grades of paper will be an increase in capacity of 65,000 tons by 1958.

Of the 460,000-ton capacity expansion to be built between now and 1958, all will be constructed without tax amortization benefits except the new machine being put in by Southland Paper Co., at Lufkin, Tex. Thus of the expansion of 950,000 tons from 1950 through 1958, 400,000 tons involved TA's under the expansion goal program of ODM and 550,000 tons will have been built under normal commercial procedures.

AFTER 1958

There have been statements in trade journals and the public press that additional newsprint mills are being considered. The Hudson Pulp & Paoer Co., Palatka, Fla., the Union Bag & Paper Co., Savannah, Ga., and the National Paper Co., Ranson, Pa., have been mentioned as considering building newsprint mills. However, such plans are still in the formative stage and should not be contemplated as actual or even probable at this time. In addition, the status of the Georgia Pacific Plywood Corp. mill in Juneau, Alaska, is still unsettled and should not, as yet, be relied on as a source of newsprint before 1960, if then.

United States newsprint capacity, 1954–58

	Thousands of tons
1954 annual capacity	1,280
Increase in 1955	260
1955 annual capacity	1,540
Estimated increase in 1956	140
1956 annual capacity	1,680
Estimated increase in 1957	200
1957 annual capacity	1,880
Estimated increase in 1958	120
1958 annual capacity	2,000

Source: 1954 American Newspapers Publishers Association; 1955–58, estimated by Forest Products Division, BDSA, Department of Commerce on basis of reported expansions from individual United States manufacturers.

United States newsprint expansion plans, 1956–58

	Thousands of tons	Thousands of tons
1955 capacity		1,540
Increase in 1956:		
(*a*) New machines:		
1. Great Northern Paper Co., full-year operation of new machines which came into operation in August 1955 plus 7-day operation	50	
2. Southland Paper Co., part-year operation of new machine	30	
Total new capacity	80	
(*b*) Speedup's, modernization, etc	60	
(*c*) Total increase in 1956		140
1956 annual capacity		1,680
Increase in 1957:		
(*a*) New machines:		
1. Bowater Southern Paper Corp., new machine	80	
2. International Paper Co., new mill	100	
3. Southland Paper Co., full-year operation of new machine started in 1956	40	
Total new capacity		220
(*b*) Speedups, modernization, etc		10
(*c*) Loss of capacity, northern mills expected to shift some older machines to more profitable grades; will also increase capacity of other machines through speedups, modernization, etc.; net loss of capacity		−30
(*d*) Total increase in 1957		200
1957 annual capacity		1,880
Increase in 1958:		
(*a*) New machines:		
1. Coosa River Paper Co	65	
2. St. Croix Paper Co	30	
Total new capacity		95
(*b*) Speedups, modernization, etc		25
(*c*) Total increase in 1958		120
1958 capacity		2,000

Prepared by Forest Products Division, BDSA, Department of Commerce on the basis of reported expansions from individual United States manufacturers.

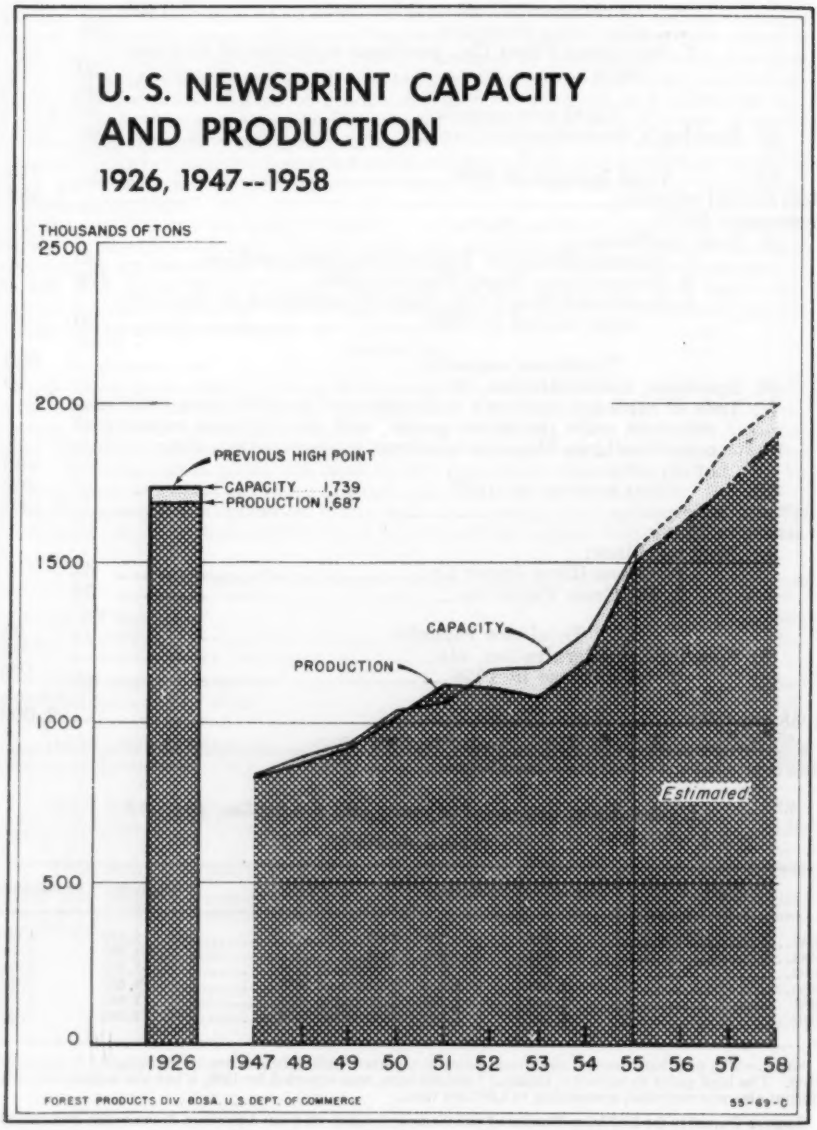
United States newsprint capacity and production, 1947–58

[Thousands of tons]

Year	Capacity	Production	Year	Capacity	Production
1947	837	833	1953	1,170	1,069
1948	893	876	1954	1,280	1,192
1949	924	918	Estimated 1955	1,540	1,500
1950	1,033	1,013	Estimated 1956	1,680	1,630
1951	1,050	1,108	Estimated 1957	1,880	1,750
1952	1,165	1,109	Estimated 1958	2,000	1,900

NOTE.—The year 1947 marked the lowest point in reported United States newsprint capacity since about 1909. The high point in capacity, totaling 1,739,000 tons, was reported for 1926, when the largest domestic output also was recorded, amounting to 1,687,000 tons.

Source: Capacity for 1947 from Bureau of the Census; for 1948–54 from American Newspaper Publishers' Association; production for 1947–54 from Bureau of the Census. Capacity and production estimated for 1955–57 by Forest Products Division, BDSA.


U. S. NEWSPRINT CAPACITY AND PRODUCTION
1926, 1947--1958
THOUSANDS OF TONS
2500
2000
1500
1000
500
0
PREVIOUS HIGH POINT
CAPACITY 1,739
PRODUCTION 1,687
CAPACITY
PRODUCTION
Estimated
1926 1947 48 49 50 51 52 53 54 55 56 57 58
FOREST PRODUCTS DIV. BDSA U.S. DEPT. OF COMMERCE
55-69-C

United States Newsprint Production

PAST

The production of newsprint in the United States prior to 1950 reached its peak in 1926 with 1,687,000 tons. A gradual decline then began, and by 1938 production was down to 832,000 tons, a drop of 50 percent from the 1926 level. Production climbed to around the million-ton level by 1941, but with World War II restrictions, dropped to 700,000-750,000 tons during 1942–45. By 1947, production was 833,000 tons and by 1950, production had reached 1,013,000 tons.

1950–55

Between 1950 and 1954, United States annual production of newsprint was 1,000,000–1,100,000 tons. In 1954, with the Bowater Southern Paper Co. mill in the South coming into production in the second quarter and part of the expansion of Great Northern Paper Co. being operative for most of the year, production reached nearly 1,200,000 tons.

During 1955, the Bowater mill was in full operation and the Great Northern operation was nearly completed. Further, with the newsprint demand reaching an all-time high, a number of small groundwood mills are producing newsprint. The net result will be a production of 1,500,000 tons in the United States for 1955. This is a 300,000-ton, or 25 percent, increase over 1954. In the last 10 years, United States production will have nearly doubled, rising from 773,000 tons in 1946 to the 1,500,000-ton level in 1955.

1956–58

The production of newsprint in the United States is expected to reach 1,900,000 tons in 1958, an increase of 27 percent or 400,000 tons in the next 3 years.

Estimated United States capacity and production 1955–58

[One thousands of tons]

	1955	1956	1957	1958
Capacity	1,540	1,680	1,880	2,000
Production	1,500	1,630	1,750	1,900

Production in 1955 and 1956 will be close to full capacity, as recent expansions are able to operate at nearly maximum efficiencies. While 200,000 tons of new capacity are due in 1957, it is likely that production will not increase in the same amount because of possible delays in starting actual operation of the new machines, breaking-in periods, adjustments, etc.

The production to be realized during the first year's operation of the new capacity has been set as 120,000 tons rather than the full 200,000-ton capacity increase. In 1958 capacity is expected to rise 120,000 tons, but production is estimated to increase 150,000 tons. This production increase takes into account speedups of the 1957 new capacity as well as that new capacity coming into production in 1958.

These production estimates can be exceeded, of course, if all schedules of construction are met and all new machines are able to run at full efficiency from the outset. Such is not usually the case, however, and it is believed that the production estimates for 1956, 1957, and 1958 in this report are realistic and represent the tonnages that should be used in determining the supply position for United States newsprint.

United States newsprint production, imports, exports, and total apparent consumption, 1929–58

[Thousands of tons]

Year	Production	Imports	Exports	Apparent consumption	Year	Production	Imports	Exports	Apparent consumption
1929	1,409	2,423	19	3,801	1944	721	2,491	31	3,209
1930	1,226	2,280	10	3,497	1945	725	2,669	44	3,427
1931	1,203	2,067	10	3,288	1946	773	3,492	28	4,202
1932	1,047	1,792	8	2,882	1947	833	3,958	28	4,686
1933	928	1,794	11	2,667	1948	876	4,395	28	5,161
1934	990	2,210	23	3,103	1949	918	4,639	39	5,528
1935	948	2,383	22	3,339	1950	1,013	4,863	44	5,856
1936	938	2,752	15	3,661	1951	1,108	4,963	71	5,903
1937	976	3,317	17	3,967	1952	1,109	5,033	105	5,940
1938	832	2,275	6	3,396	1953	1,069	5,004	47	6,090
1939	954	2,615	13	3,549	1954	1,192	4,992	140	6,082
1940	1,056	2,763	44	3,746	1955 [1]	1,500	5,175	200	6,575
1941	1,045	2,982	70	3,934	1956	1,630	5,390	220	6,800
1942	967	2,921	42	3,750	1957	1,750	5,280	230	6,800
1943	811	2,637	35	3,524	1958	1,900	5,290	240	6,950

[1] Estimated.

Apparent consumption equals production plus imports minus exports adjusted for year-end change in newspaper publishers' inventories and domestic mill stocks.

Source: Production, import, and export figures: Bureau of the Census; publishers' inventories: American Newspaper Publishers Association; mill inventories: Newsprint Service Bureau.

United States Newsprint Imports

PAST

Imports into the United States have been the main source of supply of newsprint for the past 30 years. Since the midtwenties they have not only risen from around 2 million tons to over 5 million tons in 1955 but have increased their per centage of total United States supply from under 50 percent in 1926 to 80 percent in 1954.

Newsprint imports come principally from two sources, Canada and the Scandinavian countries, with insignificant and sporadic tonnages from other countries. Imports from Canada in the past 10 years have risen from 3,478,000 tons in 1946 to 4,864,000 tons in 1954. Newsprint imports from Canada in 1955 are estimated to be 5,025,000 tons, an alltime high.

Imports from Scandinavia, mainly, Finland, have dropped from 260,000 tons in 1949 to 128,000 tons in 1954. Prior to 1949 they accounted for about 10 percent of total imports, but have since declined considerably in importance as increased United States production became available.

IMPORTS, 1955–58

Canada will continue to be the major source of newsprint for United States consumption. It is expected to furnish to the United States in the next 3 years 5.1 to 5.2 million tons annually, which, although at record levels, will result in a drop in Canada's portion of total United States supply because of increased United States newsprint production.

Canadian production is expected to increase 800,000 tons in the next 3 years. With United States production increasing in sufficient amounts to meet the expected increase in United States consumption, requirements for newsprint from Canda will continue at about the same level as in 1955. However, with world demand for newsprint expected to exceed production by at least 110,000 tons by 1958, newsprint supplies to the United States may well be below the apparent requirement levels as other world consumers compete for available supplies.

Scandinavian newsprint exports to the United States have declined to about 125,000 tons a year. It is assumed that we will continue to get some newsprint from that source in the near future. For purposes of this report, 125,000 tons annually are expected to be imported from Scandinavia, principally Finland. Since Finland is also expected to expand its newsprint capacity considerably in the next 3 years, it may be assumed that Finland will continue to make newsprint available to the United States, which has been a traditional and sizable market.

EXPORTS

Exports of newsprint from the United States ranged from 28,000 to 44,000 tons from the end of World War II through 1950. In 1951 they rose to 71,000 tons and to 105,000 tons in 1952. This rise occurred during the Korean crisis and reflected efforts of the United States to provide newsprint to other democratic nations which were unable to obtain their normal supplies. In 1953, United States exports dropped to 47,000 tons. Rising world demand for newsprint in 1954, however, brought newsprint exports from the United States up to 140,000 tons. Latin America and the Philippine Republic are the largest foreign consumers of United States newsprint. They took all but 1,200 tons of the 47,000 tons exported in 1953. In 1954 Latin America's imports of newsprint from the United States rose to 84,000 tons, 60 percent of United States exports. Exports to the Philippines stayed at 16,000 tons in 1954.

While Europe had been receiving small amounts of newsprint from the United States in the postwar years, such United States exports rose to 9,000 tons a year in 1951 and 1952 as the United States made newsprint available to a number of friendly nations during the Korean crisis. In 1953 there were no United States exports to European countries, as they were able to meet their demands from their normal sources, i. e., Canada and the Scandinavian countries. In 1954, with European industrial recovery becoming more evident, they sought United States sources of newsprint and received 24,000 tons, the highest level ever reached.

The rise in United States exports in 1954 will continue into 1955, when an estimated 200,000 tons will be exported. In the first 9 months of 1955, United States exports of newsprint were 167,000 tons, 17,000 tons more than the total exported in 1954 and 74 percent above the export level reached during the first 9 months of 1954. As before, Latin America (South America, Central America, Mexico, Cuba, and the West Indies) accounted for most of the exports, 89,000 tons, an increase of 34,000 tons over the same period of 1954. The Philippine Republic received 17,000 tons. Thus, 106,000 tons of newsprint were exported during the first 9 months of 1955 to the traditional markets of Latin America and the Philippines, as compared with 84,000 tons in 1954.

United States exports to Europe have reached 40,000 tons of newsprint in the first 9 months of 1955, against only 17,000 tons a year ago. The rest of the world, principally Asia, has received 20,000 tons of newsprint from the United States.

In 1954, United States newsprint consumers were using about the same tonnage as in 1953 and were able to obtain sufficient supplies from both United States and Canadian sources. Thus, United States newsprint producers were able to offer additional tonnage to foreign consumers, whose demands were rising. In late 1954 it was still the feeling of United States publishers and their suppliers that 1955 newsprint requirements would be about the same as in 1953 and 1954. With new tonnage coming into production in the United States, producers, in order to make plans for full-year production, were able to accept orders from foreign countries. At least one of the United States newsprint producers has indicated that it was not able to obtain sufficient domestic orders for 1955 to take up its full capacity for the year, and consequently accepted orders from foreign consumers. With postwar economic activity rising rapidly and the continuous effort of democratic nations to counteract Communist propaganda, the availability of additional tonnages from the United States was welcomed by overseas consumers.

EXPORTS (1956–58)

With United States production continuing to rise over the next 3 years, United States exports of newsprint can be expected to stay at least at current levels (200,000 tons). With our principal export market, Latin America, on the upsurge, and with European and Far East countries seeking more newsprint, it has been assumed in this report that United States exports in the next 3 years will expand slightly and reach 240,000 tons by 1958.

These figures are estimates, and any change in world demand or United States export availability could vary actual accomplishments considerably from these levels.

United States newsprint imports by country of origin, 1947–54

[1,000 short tons]

Year	Canada [2]	Finland	Sweden	United Kingdom	Norway	France	All other countries	Total [1]
1947	3,829	84	25	----------	6	10	4	3,958
1948	4,127	132	70	3	28	28	7	4,395
1949	4,382	151	37	35	30	2	1	4,639
1950	4,690	144	18	(3)	4	2	2	4,863
1951	4,756	160	30	----------	9	5	3	4,963
1952	4,850	162	16	----------	4	----------	1	5,033
1953	4,841	145	16	----------	3	----------	----------	5,004
1954	4,864	122	6	(3)	(3)	----------	----------	4,992

[1] Data does not necessarily add to total because of rounding.
[2] Includes Newfoundland.
[3] Less than 500 short tons.

Source: Bureau of the Census.

United States exports of newsprint, 1953 and 1954

[In short tons]

Destination	1953	1954	Destination	1953	1954
Netherlands	----------	6,164	Other South America	8,244	19,483
France	----------	5,243	Hong Kong	----------	4,629
Western Germany	----------	6,583	India and Pakistan	----------	1,152
Other Europe	----------	6,232	Indonesia	----------	3,234
Mexico	8,831	8,831	Philippine Republic	16,384	15,939
Cuba	1,244	2,834	Other Asia	510	2,988
West Indies	548	613	Africa	662	1,342
Central America	2,332	5,967	Others [1]	100	1,755
Brazil	7,820	28,473			
Argentina	----------	18,933	Total	46,675	140,395

[1] Includes shipments valued at $100 to $499 for which destination not indicated.

Source: Bureau of the Census.

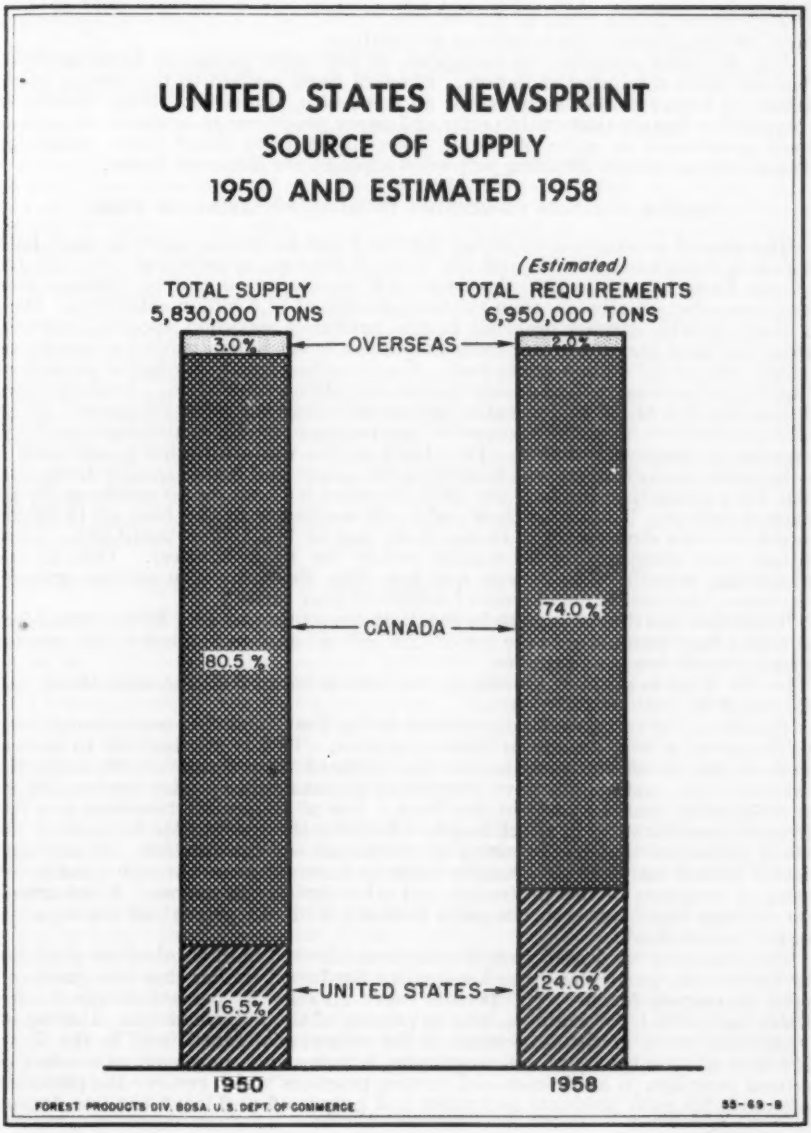
United States exports of newsprint, first 9 months of 1955 and 1954

[1,000 short tons]

Destination	First 9 months		Percent change 1955 versus 1954
	1955	1954	
Total exports	167	96	+74.0
Europe	40	17	+135.3
Central America	5	3	+66.7
Mexico	8	6	+33.3
Cuba	11	2	+450.0
West Indies	(1)	(1)	----------
South America	65	44	+47.7
Hong Kong	8	3	+166.7
India and Pakistan	(1)	1	----------
Indonesia	2	3	-33.3
Philippine Republic	17	13	+30.8
Other Asia	9	2	+350.0
Africa	1	1	----------
Others	(1)	1	----------

[1] Less than 1,000 short tons.

Source: Bureau of Census.


UNITED STATES NEWSPRINT
SOURCE OF SUPPLY
1950 AND ESTIMATED 1958
TOTAL SUPPLY
5,830,000 TONS
(Estimated)
TOTAL REQUIREMENTS
6,950,000 TONS
3.0%
OVERSEAS
2.0%
80.5 %
CANADA
74.0%
16.5%
UNITED STATES
24.0%
1950
1958
FOREST PRODUCTS DIV. BDSA. U. S. DEPT. OF COMMERCE
55-69-8

Timber Supplies for Newsprint Production in the United States

FOREWORD

The purpose of this statement is to appraise the current and long-range timber situation in the United States in relation to possible expansion of the domestic newsprint industry. The statement has been prepared by the Forest Service, United States Department of Agriculture, for inclusion in reports of the Department of Commerce to congressional committees.

Use of timber resources for newsprint, or any other particular forest product, depends upon a number of factors. Some of these pertain to the general availability of future timber supplies for all competing industries. Some pertain to competitive factors that enable pulp and paper producers to maintain or expand their production in spite of strong competition from other wood industries. These various factors affecting pulpwood supplies are discussed below.

TIMBER VOLUMES INCREASING IN EAST, DECLINING IN WEST

The overall availability of timber for the forest industries depends upon both standing timber inventories and the balance between growth and cut. In the eastern United States in 1952 the total cut of timber, amounting to 7 billion cubic feet, was substantially less than the total growth of 11.5 billion cubic feet. Only a small growth surplus occurred in the preferred softwood species, however; growth of pine and other softwoods amounted to 4.4 billion cubic feet compared with a cut of 3.7 billion cubic feet. On the other hand, hardwood growth of 7 billion feet was more than double the cut of 3.2 billion cubic feet. In the western States, the cut of 3.8 billion cubic feet considerably exceeded the growth of 2.8 billion cubic feet, as would be expected in a region where there are large remaining supplies of old-growth timber. Practically all the western timber is softwood.

In terms of sawtimber, which includes the larger and better quality trees suitable for cutting into lumber, the 1952 situation was not as favorable as for all sizes of timber. Total growth of softwood sawtimber in the East of 17 billion board-feet was moderately in excess of the cut of 14.1 billion board-feet. Conditions vary considerably by regions within the East, however. Thus in the Northeast, growth of softwoods was less than the cut. The surplus growth, moreover, occurred in small trees of relatively poor quality.

Hardwood sawtimber growth in the East amounting to 19.1 billion board-feet showed a large surplus over the cut of 12.2 billion board-feet; much of this surplus growth was in low-grade timber.

In the West sawtimber growth of 11.3 billion board-feet was only about half the cut of 22.5 billion board-feet.

The surplus of softwood timber growth in the East, including sawtimber, marks a reversal of a long decline in timber supplies. This is attributable to several factors: the cut of softwood lumber has declined from former levels as timber volumes, sizes, and quality have diminished and as lumber production has shifted to old-growth timber stands in the West. Use of timber for fuelwood also has dropped considerably, in effect largely offsetting the spectacular increase in the cut of pulpwood that has occurred over the past several decades. In addition, timber growth has been significantly built up in recent years through steadily expanding programs of fire protection and other forestry measures. These trends are of large significance to the pulp industry with 83 percent of its capacity located in the East.

The surplus of hardwood growth reflects the limited markets that are available for hardwoods, particularly the low-quality hardwood timber that now predominates in eastern forests. Hardwoods make up only 23 percent of the United States lumber cut, for example, and 16 percent of the pulpwood cut. Hardwood types now cover nearly 68 percent of the commercial forest land in the East. The area of such types, as well as volume, is increasing, moreover, as a result of natural reversion to hardwoods and cutting practices which remove the preferred softwoods for such products as lumber and pulpwood and leave the less desired hardwoods.

PRESENT TIMBER VOLUMES CONCENTRATED IN THE WEST

Western forests comprise only 24 percent of the 489 million acres of commercial forest lands in the United States and coastal Alaska, or 121 million acres. However, at the present time these western forests contain 70 percent of the Nation's present supply of 2,057 billion board-feet of standing timber. Most of this large volume in the West, moreover, is in old-growth stands of realtively high quality

and consists almost entirely of softwoods. In terms of cubic feet of growing stock western forests contain about 56 percent of the Nation's timber supply totaling 517 billion cubic feet.

The South contains 193 million acres of commercial forest land, or 40 percent of the Nation's timber growing area. As a result of many years of heavy cutting this region currently has only 17 percent of the Nation's sawtimber supply, however, and 22 percent of the cubic foot volume of standing timber. More than half of the timber in this region is hardwood. The Northeast, Lake, and Central States, with 36 percent of the commercial forest land, supports about 13 percent of the Nation's sawtimber supply and 22 percent of the growing stock, chiefly in hardwood species.

PROSPECTIVE TIMBER DEMANDS AND CUT INCREASING

Potential demands for timber products by the year 1975 have been estimated by the Forest Service to require at least 12.4 billion cubic feet of growing stock, and 56 billion board-feet of sawtimber—or an increase of 15 percent over the volume of timber cut in 1952. Included in this lower level estimate of potential demand is an 11 percent rise in the projected demand for lumber from 41.5 billion board-feet to 46 billion board-feet annually; some further displacement of lumber for technological reasons and increasing supply problems with consequent higher price levels are assumed in this estimate. The anticipated demands also include a 58 percent increase in the demand for pulpwood from 35.4 million cords in 1952 to 56 million cords in 1975; a 25 percent increase in demand for all industrial wood products combined; and a 25 percent decline in the use of fuelwood. These estimates of potential demand are based upon assumptions of a continued rapid increase in population to a total of 210 million persons by 1975 and a gross national product of more than $600 billion in 1975.

If industrial wood, i. e., all products except fuelwood, were to hold its place in the mix of raw materials used by the United States economy, potential demands for wood by the year 1957 might total 14 billion cubic feet of growing stock and 65 billion board-feet of sawtimber. This upper level estimate of potential demand would represent a 30 percent increase over timber cut in 1952.

ANTICIPATED GROWTH IN 1975 ADEQUATE FOR LOWER PROJECTION BUT NOT UPPER

A projection of timber growth based upon the assumption (1) that future timber cutting will steadily increase to the levels of potential demands estimated as above for 1975, and (2) that progress in forestry will continue according to recent trends, indicates that the lower level estimates of potential timber demands might be reasonably well met for some time. In terms of cubic feet, the projected growth of softwoods in 1975 slightly exceeds potential demands. Projected growth of hardwoods in 1975 is more than double the potential demand. With the upper level of potential demand, however, projected timber growth in 1975 falls considerably short of meeting timber needs.

The prospective supply situation is not as favorable, moreover, in terms of sawtimber. Projected growth in board-feet in 1975 fails to meet even the lower level of estimated potential demands in the case of both eastern and western softwoods. On the other hand, a substantial surplus of eastern hardwood sawtimber is in prospect.

In brief, these projections indicate that if forestry progress continues as indicated by recent trends, available timber supplies over the next couple of decades, including both standing timber and new growth of timber, could sustain a sizable expansion of the cut of pulpwood, plus a limited increase in the cut of lumber and other industrial wood products. Even with the lower estimate of potential demands, however, supply problems are expected to increase by 1975, especially in the case of products such as lumber which generally require high-quality timber or preferred softwood species. Over a longer period supply problems may become more serious.

OUTLOOK FOR THE YEAR 2000 NOT FAVORABLE WITH PRESENT FORESTRY EFFORTS

By the year 2000, assuming a rising cut equal to potential demands and continuation of present trends in forestry, potential demands for timber products considerably exceed the levels of growth that are in prospect. There is enough timber now standing, coupled with growth resulting from continued progress in forestry, to meet potential demands until the end of the century. But both growth and inventories could be expected to decrease to a serious degree with such increased levels of cut unless forestry efforts are materially expanded.

The need for more effective fire control, improved cutting practices, and other forestry programs is especially urgent on the holdings of farmers and other nonindustrial owners of forest land. Such ownerships account for 60 percent of the commercial forest land in this country, or more than twice the area in public holdings (27 percent) and more than 4 times the area owned by forest industries (13 percent). Most of these farm and other miscellaneous private forests are in small ownerships, with an average area of only 66 acres of commercial forest land. The productivity of cutover lands in these holdings is far below that on industrial and public lands. Because of poor condition and lack of management these lands are producing only a fraction of their potential yield. Yet in recent years these lands have been supplying most of the pulpwood cut in this country and a major part of the lumber cut.

The best possibilities for raising growth and adding to future timber supplies includes (*a*) reducing nonsalvaged mortality losses, which now amount to about 10 billion board-feet annually, through more intensive protection against fire, insects and diseases, and intensified management; (*b*) capturing most of the growth potential of the 50 million plantable acres, estimated at 8 billion board-feet annually; (*c*) improving stocking on the one-fourth of the commercial forest land which is medium or poorly stocked; and (*d*) obtaining prompt and adequate restocking on cutover areas to maintain their productivity.

COMPETITIVE FACTORS OTHER THAN TIMBER SUPPLY ALSO AFFECT NEWSPRINT EXPANSION

In addition to the general availability of timber supplies to all the forest industries, availability of wood for newsprint also depends upon the industry's bargaining power in competition with other users of wood. In the past the pulp and paper industry has been highly successful in obtaining its wood supplies. Some of the raw material used for pulp has been obtained by utilizing species, grades, and sizes of timber of little or no value for lumber. An increasing amount has been obtained in direct competition with the lumber industry.

PULPWOOD INDUSTRY A MAJOR COMPETITOR FOR TIMBER

The cut of pulpwood in 1955 amounted to 30 million cords (2.3 billion cubic feet), or 17 percent of the total timber cut. Lumber is still by far the dominant forest product in the United States, accounting for two-thirds of the total timber output in 1955. There are large differences in the relative proportions of sawlogs and pulpwood cut by regions, however. Thus in the South the volume of sawlogs cut in 1955 was only twice as great as the volume of pulpwood, while in the West the cut was about eight times greater than the cut of pulpwood.

Not included in the domestic cut are sizable volumes of wood products imported from Canada. Thus, in recent years the United States has imported the equivalent of approximately 11 million cords of pulpwood annually, including about 2 million cords of pulpwood, the equivalent of 6 million cords imported in the form of newsprint, and the equivalent of 3 million cords imported in the form of wood pulp. In 1955 these imports represented 27 percent of the total wood required for pulp, paper, and board consumed in the United States.

INCREASING AREAS CONTROLLED BY THE PULP AND PAPER INDUSTRY

The pulp and paper industry in 1952 held title to 23 million acres of forest land, in addition to leases or cutting rights on several million acres. It is estimated that pulp and paper company ownerships might supply under management more than half of the wood requirements of the industry. However, the pulp industry has been obtaining only about 20 percent of its wood supply from these company holdings in order to build up timber volumes on company holdings and thus insure a relatively high degree of self-sufficiency in timber supplies. The industry has followed an aggressive policy of land acquisition and although land purchase has become increasingly difficult and expensive, further increases in such industrial holdings are to be expected.

PULP INDUSTRY ABLE TO USE LOW-QUALITY TIMBER

The ability of the pulp and paper industry to use timber that is too small or too low-grade for lumber, or other products requiring quality material, also tends to guarantee continued availability of pulpwood supplies. The decline in timber size and quality is therefore likely to be felt primarily by the lumber industry, or other industries requiring higher quality timber.

For many years the quality of timber resources have been declining, with direct impacts on lumber output and production costs of the lumber industry. In the State of Georgia, for example, the Forest Survey found that in the period 1935–52 the number of pine trees over 12 inches in diameter dropped 32 percent, while pine trees 12 inches and less in diameter increased 44 percent.

If the density of timber stands is increased through better cutting practices and more intensive protection, the pulp industry could also look forward to an increasing supply of thinnings, as well as small trees and low-quality material.

LARGE VOLUMES OF RESIDUES SUITABLE FOR PULPWOOD

The use of logging and plant residues for pulp has been expanding rapidly in recent years and additional production from such material is possible. In 1952 the pulp industry in the South obtained about 2 million cords—or 15 percent of its total pulpwood supply—from sources other than growing stock. These included mainly tops and cull logs from sawlog operations, cull trees, and a small volume of sawmill slabs and edgings. Additional unused logging residues included about 3.5 million cords of pine and 5.5 million cords of hardwoods. Unused residues at southern sawmills included about 2.5 million cords of pine and 1.2 million cords of hardwoods.

In the past few years more than 40 log barkers and chippers have been installed in southern sawmills to utilize pine slabs and edgings for pulp chips. While there are practical limits to the amount of pulpwood that can be obtained economically from the thousands of small sawmills in the region and from typically scattered logging operations, further increases in the use of pine residues for pulp can be expected. Such material is suitable for newsprint, as well as other types of paper and board.

In the Pacific Northwest, where about 15 percent of the Nation's pulp capacity is located, cull logs and plant residues have already become a primary source of pulpwood. In 1952 residues from sawmills and veneer mills used for pulp aggregated 1.2 million cords, or 30 percent of the wood supply of the industry in that region. Unused plant residues suitable for pulping amounted to 3.8 million cords in the West, including 1.5 million cords in the Pacific Northwest where the western pulp industry is concentrated. Additional unused logging residues totaled 5.5 million cords, including 3 million cords in the Pacific Northwest.

With closer utilization on logging operations and further chipping of plant residues, a considerable expansion of the pulp industry in the West could be based on material now wasted. A significant part of the unused residues might be used for newsprint along with kraft and other grades of paper.

NEW TECHNIQUES FAVOR USE OF HARDWOODS

In recent years pulping processes have been developed that permit greatly increased use of hardwoods for newsprint as well as other grades of paper and board. Semichemical processes, employing a mixture of chemical and mechanical treatment, yield some hardwood pulps having strength properties approaching those of softwood pulps. Tests at the Forest Products Laboratory, for example, show that hardwood semichemical and groundwood-pulps can successfully make up as much as 80 percent of the total fiber content of newsprint.

The Great Northern Paper Co. in Maine has constructed a large mill to produce chemi-ground-wood pulp from aspen and northern hardwoods for newsprint. This process likewise promises to substantially enlarge the resource base of the domestic newsprint industry.

Increased use of hardwoods in lieu of softwoods is favored by higher yields, lower wood costs per ton of fiber, and in many areas the increasing difficulty of obtaining sufficient supplies of suitable softwoods. For such reasons many pulp mills in the North have already shifted from use of softwoods to hardwoods for various grades of paper. With the increasing relative cost of softwood pulp and rapidly expanding markets for pulp and paper, there are greater incentives to utilize these new hardwood pulping processes. Use of hardwood pulps for newsprint presents various production problems that can only be solved by large-scale trials on commercial paper machines.

EXPANSION OF PULP AND PAPER PRODUCTION POSSIBLE UNDER CERTAIN CONDITIONS

A substantial part of the prospective increase in pulp and paper requirements in the United States probably will be met by further expansion of the industry in the South. Since 1935 pulpwood production in the South has risen from 1.4 to

18 million cords, or 60 percent of the pulpwood cut in the United States. Included in the 67 pulp plants in the South are 3 newsprint mills with a third of the Nation's capacity. An additional newsprint mill is under construction and there are rumors of further expansion.

Rapid growth of the industry in the South has resulted from various favorable factors such as good location with respect to the Nation's principal markets, availability of supplies of relatively low cost southern pine pulpwood, reasonable security of future raw material supply based on rapid tree growth, year-long woods work and comparatively easy logging conditions, ample supplies of labor, availability of water, chemicals and power, and excellent transportation facilities.

Future expansion of the pulp and paper industry in the South might be supported by greater use of hardwoods, by increased use of plant and logging residues, and by raising the level of timber growth on all classes of forest ownership. To an increasing degree pulp mills and sawmills have been competing for the same stands of timber. If prospective needs of all the forest industries for raw material are to be met a considerable expansion of forestry efforts must be achieved.

The pulp and paper industry in the Northeast and Lake States consumes about one-fourth of the pulpwood used in the United States—4 mills in the Northeast producing approximately 40 percent of the limited domestic production of newsprint. In these regions the pulp and paper industry has been faced with diminishing supplies and increasing costs of the preferred softwood species such as spruce and fir. Expansion of output by newsprint and other pulp and paper mills in the Northeast and Lake States consequently will require greater use of hardwoods and accelerated efforts to increase growth of the preferred softwoods.

Pulp mills in the Western States use close to one-fourth of the pulpwood required by the United States pulp and paper industry. Five mills account for about one-fourth of the domestic newsprint capacity. There are opportunities for additional production of pulp and paper on the west coast through greater use of logging and plant residue. Certain areas in the Rocky Mountain region also contain supplies of timber suitable for pulping that could be used for news, print or other types of paper and board. The timber resources of coastal Alaska consisting largely of hemlock and spruce, are also highly suitable for the manufacture of newsprint. One plant is now producing dissolving pulp in this area and 2 additional plants have been allotted timber from the Tongass National Forest, 1 to support a 500-ton newsprint mill. Some additional pulping capacity could be supported by the timber resources of this region.

NEWSPRINT PRODUCTION CONCENTRATED IN CANADA

Whether newsprint shares in the anticipated expansion of the United States pulp and paper industry depends in part upon the availability of timber resources such as described above, and in part on prospective competition from Canadian mills. In the past the United States pulp and paper industry has found it more profitable to concentrate on production of kraft and other types of paper and board rather than newsprint.

Concentration of the newsprint industry in Canada has resulted from a combination of competitive factors, including the availability in Canada of large supplies of the light-colored long-fiber softwoods traditionally favored for newsprint, low-cost water transportation, ample supplies of pure water, low costs of hydroelectric power, nearness to markets in the United States, and the duty-free status for newsprint

Since 1949 capacity of the newsprint industry in the United States has been expanded from 0.9 million tons to about 1.5 million tons and projected expansion will raise capacity to about 1.9 million tons by 1958. On the basis of the outlook for future supply trends in the United States and in Canada, and competitive conditions in the forest industries, further increases in production of newsprint are anticipated in the United States, but with the major portion of newsprint supplies still being obtained from Canada.

SUMMARY

With present trends in forestry, existing supplies of standing timber in the United States plus prospective growth appear adequate to supply increased demands for pulp and paper as well as modest increases in demand for other forest products over the next few decades. At the same time, tighter supplies of quality timber and consequent increases in prices for such material also are to be expected. By the year 2000, if population and industrial output in the United States continue

to increase as now seems probable, the timber needs of all the forest industries could be met only through a large-scale expansion of forestry measures and more effective use of all commercial forest lands.

Certain opportunities for expansion of pulp and paper production, including newsprint, are available in most forest regions. In coastal Alaska and the Rocky Mountain area there are supplies of old-growth timber and on the west coast sizable volumes of logging and plant residues suitable for pulp and paper. In the East pulping of hardwoods by new semichemical processes could greatly expand the raw-material base of the pulp and paper industry. In all forest regions, however, intensified forestry programs will be needed if the expanding needs of all the forest industries are to be met.

Because of the competitive strength of the pulp and paper industry, production of pulpwood probably can be expanded even at the expense of other wood-using industries. Pulp mills can use low-grade timber, thinnings and plant residues and can compete for small timber before it reaches an economic size for lumber. Since pulp mills thus enjoy a relatively high degree of security in raw material supplies, it seems likely that the main impacts of timber shortages fall upon industries producing lumber or other products requiring higher quality timber.

Expansion of domestic newsprint production depends upon competitive factors within the North American pulp and paper industry, as well as upon timber supply factors. These include the relative profitability of producing various grades of paper and board in the United States and the ability of Canadian producers to produce and export larger quantities of newsprint to this country. Based on timber supply conditions and competitive trends in the industry, some increase in the newspring production in the United States is anticipated over the next couple of decades, along with a major expansion of other branches of the United States pulp and paper industry.

Canada—Newsprint

CAPACITY

From 1950 to 1954, Canadian newsprint capacity increased from 5,227,000 tons to 5,920,000 tons, an annual average increase of about 175,000 tons. During this period, only one completely new newsprint mill was built in Canada. This was the Elks Falls Co., Ltd., at Campbell River, Vancouver Island, British Columbia, with a rated annual capacity of 100,000 tons, which started production in the last half of 1952. All other capacity increases have been brought about at existing mills through addition of new machines or rebuilding and speeding up of older machines. Over a period of recent years Canadian increases in capacity solely through speedup improvements or additions to existing mills have averaged about 150,000 tons annually.

Canadian newsprint capacity is rated on a 6-day week basis. Only during emergency periods has the majority of mills been authorized to operate on Sundays. Provided approval could be obtained for Sunday operation, Canadian mills could increase output substantially, assuming adequate pulpwood supplies could be made available. In the United States, during periods of strong demand, it is customary for newsprint mills to run a full 7-day week, except for short shutdown periods for machinery overhauling.

Prior to 1947, Canadian newsprint mills operated below capacity levels, since world demand did not call for maximum production. In fact, for a number of years the Canadian newsprint mill operating ratios were at relatively low points. For example, in 1945 the ratio was 76.9 percent of capacity; in 1939 it was 68.5 percent; in 1931 it was down to 61.0 percent. From 1947 to 1954, however, operating ratios ranged from a low of 100.0 percent in 1953, to as high as 103.2 percent in 1952. During the first 10 months of 1955 the ratio averaged 101.4 percent. It is evident, therefore, that Canadian mills have been striving to meet recent domestic and world demands.

Canadian newsprint capacity for 1955, as reported by the Newsprint Association of Canada, was 6,065,000 tons on the basis of 310 days' operation. Actual production for 1955 is estimated by the association at 6,180,000 tons. This would show an operating ratio for the year of about 101.5 percent of capacity.

Expected capacity increases for 1956 through 1958 are difficult to estimate precisely because of many factors, such as delays in construction, delivery of machinery, or revisions in announced plans of individual companies. However, the following capacity estimates have been made by the Newsprint Association of Canada:

Canadian newsprint capacity, 1955 and estimates for 1956, 1957, 1958, basis 310-day operations

[Thousand short tons]

	1955	1956	1957	1958
Additions and improvements [1]		155	355	335
Total average annual capacity	6,065	6,220	6,575	6,910

[1] New newsprint machines: Elk Falls Co., Ltd., by mid-1957; Great Lakes Paper Co., Ltd., by end of 1957; Ontario-Minnesota Paper Co., Ltd., by end of 1956; Powell River Co., Ltd., by late 1956; MacMillan and Bloedel, 2 machines, 1st one, latter half of 1957; 2d, by end of 1958.
Speedups and improvements: Abitibi Power & Paper Co.; Bowaters Newfoundland Pulp & Paper Mills, Ltd.; Consolidated Paper Corp., St. Lawrence Corp.

Source: Newsprint Data, 1955, Newsprint Association of Canada.

Canadian newsprint capacity and production, 1947–58

[Thousand short tons]

Year	Capacity	Production	Year	Capacity	Production
1947	4,729	4,820	1953	5,273	5,721
1948	4,883	4,983	1954	5,920	5,984
1949	5,113	5,176	1955 [1]	6,065	6,180
1950	5,227	5,279	1956 [1]	6,220	6,400
1951	5,360	5,516	1957 [1]	6,575	6,580
1952	5,510	5,687	1958 [1]	6,910	6,910

[1] Estimate.

Source: Newsprint Data, 1955, Newsprint Association of Canada, Production estimates for 1957 and 1958 by Forest Products Division.

PRODUCTION

In 1925, Canada and the United States each produced approximately 1,550,000 tons of newsprint. For a previous decade or so, the United States was the world's largest producer. From 1926 to the present time, however, Canada has not alone ranked as the No. 1 producing country of the world, but has increased production steadily, largely for export. In 1930, Canada produced 2,785,000 tons and accounted for 40 percent of world production, while by 1954 it accounted for 51 percent of total world output with 5,984,000 tons.

Complete statistics are not available covering world production of newsprint by countries for early years. The following summary tabulation discloses the position of Canada (including Newfoundland) compared with other leading producing countries for selected years starting with 1930:

World production of newsprint

[In thousand short tons]

Country	1930	1939	1950	1954
Canada [1]	2,785	3,177	5,279	5,984
United States	1,226	939	1,015	1,211
United Kingdom	608	848	609	681
Finland	223	519	454	500
Germany [2]	590	415	307	361
Sweden	240	305	358	373
Norway	202	226	178	183
France	240	343	327	422
All other	755	1,020	1,209	1,994
Total world	6,869	7,792	9,736	11,709

[1] Includes Newfoundland.
[2] Includes estimate for Eastern Germany.

Source: Newsprint Service Bureau Reports

The long-term trend in the growth of Canadian newsprint output continued through 1954 and the first 10 months of 1955. From 1950 to 1954 the average annual increase has been about 175,000 tons a year. For 1955, estimated Canadian production will be about 6,180,000 tons, an increase of about 200,000 tons over 1954, according to the Newsprint Association of Canada.

The association also has estimated production for 1956 at 6,400,000 tons. Based upon full capacity operations, potential Canadian production for 1957 may be estimated at about 6,580,000 tons, and for 1958 at 6,910,000 tons.

EXPORTS

Canadian exports of newsprint to world markets have closely paralleled the upward trend in Canadian production. For many years, exports represented about 94 percent of production; but as Canadian consumption has increased, exports more recently have been about 93 percent of output.

In 1939, Canadian exports of newsprint totaled 2,934,000 tons, increasing to 5,550,000 tons in 1954. Based upon estimates of the Newsprint Association of Canada, 1955 exports will exceed 1954 by about 230,000 tons.

Canada's major market has always been the United States. In 1939, the United States took 78 percent of the total exports; in 1946, 84 percent. In 1950, the percentage rose to a high of 97 percent, partly because of a strong United States demand, especially in the last half of the year, and partly because of exchange and other other import restrictions in many foreign markets. In 1954, the United States accounted for 87 percent of Canadian exports.

While Canadian newsprint exports to the United States increased each year from 1950 to 1954, rising from 4,748,000 tons to 4,875,000 tons, or an increase of 127,000 tons, exports to other foreign markets showed a much larger growth. In 1950, exports to overseas markets were 208,000 tons but reached 675,000 tons in 1954, a gain of 467,000 tons. Substantially improved economic conditions in many foreign countries not alone created a stronger demand for newsprint, but also allowed for easing of import restrictions. The Newsprint Association of Canada estimates exports to the United States in 1955 at about 5,025,000 tons, or around 150,000 tons over 1954; to overseas markets, about 725,000 tons, a gain of some 50,000 tons. The association has estimated exports for 1956 to the United States at 5,200,000 tons, and to other foreign markets at 750,000 tons. The Forest Products Division estimates total Canadian exports in 1957 at 6,110,000 tons; and in 1958 at 6,430,000 tons.

Canada exports newsprint to a large number of countries. The major markets other than the United States are the British Isles, taking 273,000 tons in 1954; Central America and the Caribbean, taking 132,000 tons. Other geographic areas account for 10,000 to 80,000 tons each.

CONSUMPTION

Actual data on consumption of newsprint in Canada are not available, and figures on domestic shipments by mills must be used instead since imports are nil. It is believed that year-to-year changes in inventories of Canadian newspaper publishers or other printers using newsprint are not significant.

As in many other countries, rapid advances in the Canadian economy in recent years, with resultant increases in national and per capita income, together with a growing population, have been accompanied by a marked growth in domestic newsprint consumption. In fact, Canada is now one of the more important newsprint-consuming countries of the world, coming close to France and Germany.

Prewar Canadian consumption totaled about 190,000 tons a year, equal to 34 pounds per capita. In 1946, consumption was 248,000 tons, or 39 pounds per capita. By 1950 it had increased to 355,000 tons or 52 pounds per capita, however; and by 1954 to 420,000 tons, about 55 pounds per capita. The Newsprint Association of Canada has estimated Canadian consumption at about 430,000 tons in 1955, and 450,000 tons in 1956. The Forest Products Division estimates Canadian consumption in 1957 at 470,000 tons, and in 1958 at 480,000 tons.

Canadian newsprint production, exports and domestic shipments, 1946–58

[1,000 short tons]

Year	Production	Exports to		Domestic shipments	Total shipments
		United States	Overseas		
1946	4,506	3,563	685	248	4,496
1947	4,820	3,897	701	275	4,873
1948	4,983	4,128	533	306	4,967
1949	5,176	4,380	449	335	5,164
1950	5,279	4,748	208	355	5,311
1951	5,516	4,784	360	360	5,504
1952	5,687	4,835	463	369	5,667
1953	5,721	4,861	473	398	5,732
1954	5,984	4,875	674	421	5,970
1955 [1]	6,180	5,025	725	430	6,180
1956 [1]	6,400	5,200	750	450	6,400
1957 [1]	6,580	6,110		470	6,580
1958 [1]	6,910	6,430		480	6,910

[1] Estimated

Source: Newsprint Association of Canada, including estimates for 1955 and 1956 from Newsprint Data 1955. Estimates for 1957 and 1958 by Forest Products Division.

Canadian exports of newsprint 1953–54

[1,000 short tons]

Destination	1953	1954
United States	4,861	4,875
Central American and Caribbean	128	132
South America	30	54
British Isles	190	273
Other European and Balkan	3	46
Mediterranean and Near East	(1)	10
Africa	28	30
India and Middle East	10	18
Orient	35	34
Australia and New Zealand	48	77
Others	(1)	(1)
Total	5,333	5,549

[1] Less than 1,000 short tons.

Source: Newsprint Service Bureau.

World Production and Demand—Newsprint

World production of newsprint rose from 9,736,000 tons in 1950 to 11,709,000 tons in 1954, an increase of nearly 2 million tons. Nine hundred thousand tons of the increase was in North America and 1,100,000 tons in the rest of the world with Western Europe newsprint production rising 275,000 tons, Asia 400,000 tons, Russia and her satellites an estimated 200,000 tons and the balance in Northern Europe and the United Kingdom. World newsprint consumption for 1950–54 has been considered the same as production since inventory data are not available for countries other than the United States.

It is estimated that world newsprint production will reach 14,660,000 tons by 1958, an increase of 2,160,000 tons over 1955 levels, with North American production accounting for 1,130,000 tons and production in the balance of the world increasing 1 million tons.

The demand for newsprint in the world outside of North America is expected to approach its prewar portion of total world consumption by 1958. In 1939, the United States and Canada accounted for 46 percent and the rest of the world took 54 percent of the total world supply of newsprint. In 1954, however, the percentage had reversed, with the United States and Canada taking 55 percent of world supply and 45 percent going to all other countries.

With continuing improvement in the economy of Western Europe, the decontrol of newsprint in the United Kingdom, and increased economic activity in

Latin America and Asia, the demand for newsprint is increasing and will undoubtedly continue to do so for some time. The estimates used in this report for world consumption show that by 1958, United States and Canadian requirements for newsprint will represent about 50 percent of total world requirements and 50 percent will be required for the balance of the world.

Many factors can affect the achievement of consumption requirements. It should be realized that the data included in this report on newsprint production and consumption levels for countries outside of North America are only estimates and actual results could be at considerable variance with those presented here. It is felt that consumption estimates as used here are somewhat conservative and a more rapid rise in newsprint demand is possible.

As shown in the table "Estimated world newsprint production, imports, exports, and consumption by major geographical areas, 1955–58", there is an apparent world shortage of newsprint in 1958 of 110,000 tons. Any upward shift in newsprint demands will increase this deficit. Further, failure to achieve the estimated production levels would also aggravate the imbalance.

World newsprint production, imports, exports, and consumption by major geographical areas 1950–54

[Thousands of tons]

Area	Actual				
	1950	1951	1952	1953	1954
World total:					
Production	9,736	10,252	10,612	10,931	11,709
Consumption	9,736	10,252	10,612	10,931	11,709
Indicated deficit or surplus					
United States:					
Production	1,015	1,125	1,147	1,084	1,211
Imports	4,891	4,977	5,037	5,080	4,996
Exports	44	71	105	47	140
Consumption	5,862	6,031	6,079	6,117	6,067
Net import requirements	4,847	4,906	4,932	5,033	4,856
Canada:					
Production	5,279	5,516	5,687	5,721	5,984
Imports					
Exports	4,938	5,112	5,327	5,375	5,522
Consumption	341	404	360	346	462
Net export availability	4,938	5,112	5,327	5,375	5,522
World other than United States and Canada:					
Production	3,443	3,611	3,778	4,126	4,514
Imports	1,130	1,219	1,401	1,423	1,793
Exports	1,039	1,013	1,006	1,081	1,127
Consumption	3,533	3,817	4,173	4,468	5,180
Net import requirements	91	206	395	342	666
Northern Europe:					
Production	990	1,006	1,016	1,043	1,057
Imports					
Exports	797	793	809	816	785
Consumption	193	213	207	227	272
Net export availability	797	793	809	816	785
United Kingdom:					
Production	609	590	601	676	681
Imports	186	214	300	251	368
Exports	114	107	83	140	143
Consumption	681	697	818	787	906
Net import requirements	72	107	217	111	225
Western Europe:					
Production	927	983	1,003	1,061	1,201
Imports	197	215	282	330	438
Exports	113	93	108	113	164
Consumption	1,011	1,105	1,177	1,278	1,475
Net import requirements	84	122	174	217	274
Latin America:					
Production	43	52	67	53	42
Imports	374	378	414	359	420
Exports					
Consumption	417	430	481	412	462
Net import requirements	374	378	414	359	420

World newsprint production, imports, exports, and consumption by major geographical areas 1950–54—Continued

[Thousands of tons]

Area	Actual				
	1950	1951	1952	1953	1954
Africa:					
Production					
Imports	55	57	97	80	104
Exports					
Consumption	55	57	97	80	104
Net import requirements	55	57	97	80	104
Asia:					
Production	173	247	334	489	595
Imports	127	153	129	182	201
Exports	7	14	2	5	13
Consumption	293	386	461	666	783
Net import requirements	120	139	127	177	188
Oceania:					
Production	35	35	36	50	78
Imports	190	200	178	209	244
Exports					
Consumption	225	235	214	259	322
Net import requirements	190	200	178	209	244
U. S. S. R. and satellites:					
Production	665	698	721	754	860
Imports	1	2	1	12	18
Exports	8	6	4	7	22
Consumption	658	694	718	759	856
Available for export	7	4	3	5	4

NOTE.—Data for 1950–54 are actual data published in annual reports, World Production and Distribution of Newsprint Data, by the Newsprint Service Bureau and based upon world statistical surveys conducted by the U. S. Department of Commerce. Producing country export data, by country of destination, have been utilized to represent the imports of consuming countries, so as to achieve a yearly statistical balance between world exports and imports.

Since inventory data for most countries are not available, to achieve a world balance from 1950 to 1954 between world production and consumption, inventory changes have not been included. For apparent total United States newsprint consumption, including inventory changes, see table.

Estimated world newsprint production, imports, exports, and consumption by major geographical areas 1955–58

[Thousands of tons]

Area	Estimated			
	1955	1956	1957	1958
World total:				
Production	12,500	13,240	13,890	14,660
Consumption	12,645	13,280	13,910	14,770
Indicated deficit or surplus	−145	−40	−100	−110
United States:				
Production	1,500	1,630	1,750	1,900
Imports	5,175	5,390	5,280	5,290
Exports	200	220	230	240
Consumption	[1] 6,575	[2] 6,800	6,800	6,950
Net import requirements	5,075	5,170	5,050	5,050
Canada:				
Production	6,180	6,400	6,580	6,910
Imports				
Exports	5,750	5,950	6,110	6,430
Consumption	430	450	470	480
Net export availability	5,750	5,950	6,110	6,430
World other than United States and Canada:				
Production	4,820	5,210	5,560	5,850
Imports	2,050	2,170	2,680	3,120
Exports	1,230	1,350	1,520	1,630
Consumption	5,640	6,030	6,720	7,240
Net import requirements	820	820	1,160	1,490
Northern Europe:				
Production	1,140	1,250	1,380	1,480
Imports				
Exports	860	960	1,080	1,170
Consumption	280	290	300	310
Net export availability	860	960	1,080	1,170
United Kingdom:				
Production	680	710	740	800
Imports	500	550	750	900
Exports	180	160	190	200
Consumption	1,000	1,100	1,300	1,500
Net import requirements	320	390	560	700
Western Europe:				
Production	1,320	1,390	1,470	1,500
Imports	480	520	670	840
Exports	140	140	140	140
Consumption	1,660	1,770	2,000	2,200
Net import requirements	340	380	530	700
Latin America:				
Production	70	80	90	100
Imports	440	470	560	600
Exports				
Consumption	510	550	650	700
Net import requirements	440	470	560	600
Africa:				
Production				
Imports	120	140	160	170
Exports				
Consumption	120	140	160	170
Net import requirements	120	140	160	170
Asia:				
Production	620	700	750	800
Imports	240	220	280	340
Exports	20	20	30	40
Consumption	840	900	1,000	1,100
Net import requirements	220	200	250	300
Oceania:				
Production	90	140	170	170
Imports	250	250	240	250
Exports		40	50	50
Consumption	340	350	360	370
Net import requirements	250	210	190	200
U.S.S.R. and satellites:				
Production	900	940	960	1,000
Imports	20	20	20	20
Exports	30	30	30	30
Consumption	890	930	950	990
Available for export	10	10	10	10

[1] Includes 100,000 tons withdrawn from inventory.
[2] Includes 100,000 tons for rebuilding inventory.

Estimates of geographical area production, consumption, exports, and imports of the major producing and consuming countries of the world (except the United States and Canada) were based in part upon information and data supplied by United States Foreign Service posts.

Production estimates were based upon reported new capacity expected to come into production in the period 1955–58 plus adjustment for additional output through speedups in existing newsprint machines.

Exports were estimated on the basis of production levels related to consumption trends.

Consumption data for 1955 and 1956 represent estimates of consumption based on availability of supplies for these years. Consumption data for 1957 and 1958 are, however, requirements or effective demands on the assumption that supplies to support these consumption levels will be available.

The consumption estimates for 1957 and 1958 by geographic regions (other than the United States) were made on the basis of recent (1950–55) growth trends in newsprint consumption and economic activities and estimates of future newsprint requirements, as published in United Nations and Food and Agriculture Organization publications among others.

Import requirement estimates were also made on the assumption that supplies would be available.

The import-export statistics shown for the geographical areas represent the cumulative total of all imports and exports of each individual country in the area regardless of source or destination within or without the area. However, the net import requirement or the net export availability of each geographical area represents the difference between production and consumption, as well as the difference between total imports and total exports.

Northern Europe—Newsprint

1950–54

Finland, Norway, and Sweden contribute a substantial tonnage to the world supply of newsprint. Production has increased from 990,000 tons in 1950 to 1,057,000 tons in 1954, making the annual average for the period 1,022,000 short tons. Consumption increase has remained fairly constant with the production rate of increase throughout the 1950–54 period, and approximately 80 percent of the newsprint produced in the 3 countries is available for export. Consumption rose from 193,000 tons in 1950 to 272,000 tons in 1954. Approximately 800,000 tons of newsprint have been exported each year, 20 percent to United States.

1955–58

Northern Europe

[Thousands of tons]

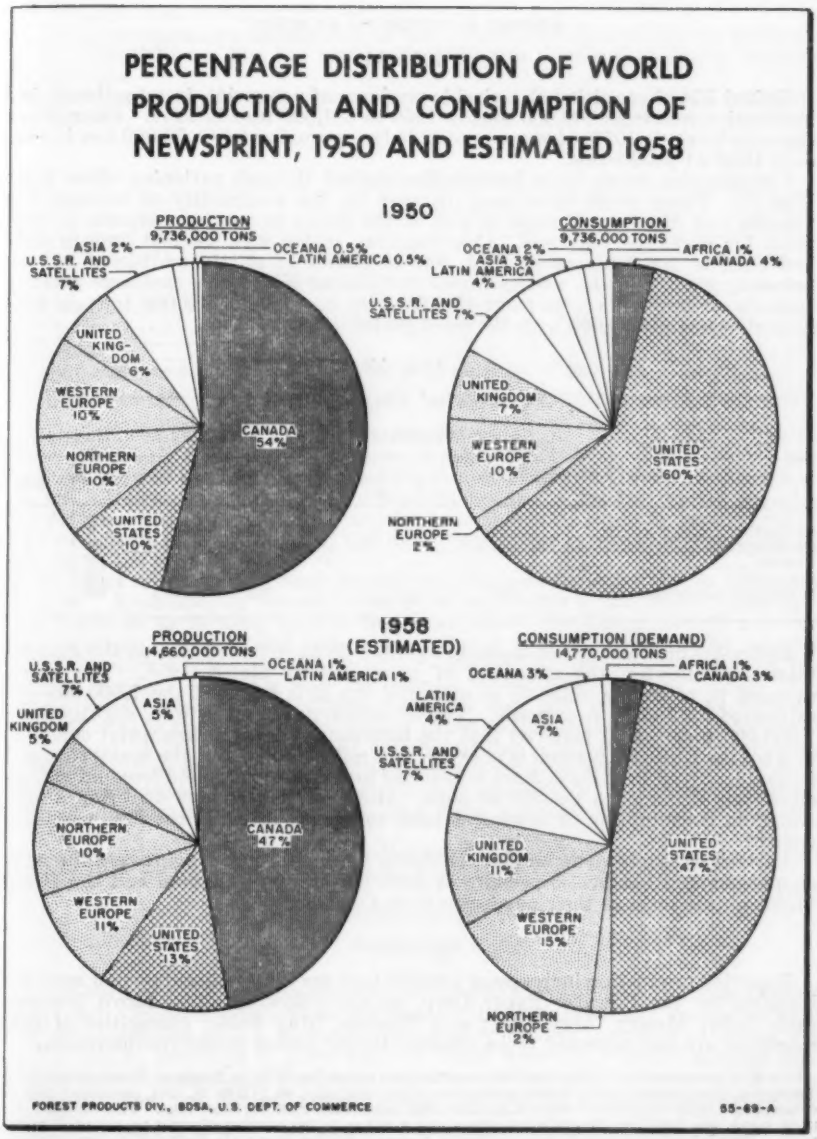
	1955	1956	1957	1958
Production	1,140	1,250	1,380	1,480
Consumption	280	290	300	310
Export availability	860	960	1,080	1,170

Based on Foreign Service reports of estimates which incorporate expansion plans for newsprint production, production will increase 340,000 tons from 1955 to 1958. Supply requirements (consumption) during the same period will increase 30,000 tons. Newsprint available for export will increase from an annual average of 800,000 tons for the 1950–54 period to 1,170,000 tons by 1958.

EXPANSION

Finland.—A new machine was installed by United Paper Mills at Karpola in 1954. Installation of another machine is to be completed in 1956, part of which will be used for other grades of paper.

An 88,000-ton-capacity machine was installed in 1955 by Enso-Gutzeit at St. Sums. Modernizing of machinery in present mills will increase production 5,000 to 10,000 tons annually for the next 4 or 5 years.


PERCENTAGE DISTRIBUTION OF WORLD PRODUCTION AND CONSUMPTION OF NEWSPRINT, 1950 AND ESTIMATED 1958
1950
PRODUCTION
9,736,000 TONS
ASIA 2%
OCEANA 0.5%
LATIN AMERICA 0.5%
U.S.S.R. AND SATELLITES 7%
UNITED KING-DOM 6%
WESTERN EUROPE 10%
NORTHERN EUROPE 10%
UNITED STATES 10%
CANADA 54%
CONSUMPTION
9,736,000 TONS
OCEANA 2%
ASIA 3%
LATIN AMERICA 4%
AFRICA 1%
CANADA 4%
U.S.S.R. AND SATELLITES 7%
UNITED KINGDOM 7%
WESTERN EUROPE 10%
NORTHERN EUROPE 2%
UNITED STATES 60%
1958
(ESTIMATED)
PRODUCTION
14,660,000 TONS
U.S.S.R. AND SATELLITES 7%
OCEANA 1%
LATIN AMERICA 1%
ASIA 5%
UNITED KINGDOM 5%
NORTHERN EUROPE 10%
WESTERN EUROPE 11%
UNITED STATES 13%
CANADA 47%
CONSUMPTION (DEMAND)
14,770,000 TONS
OCEANA 3%
AFRICA 1%
CANADA 3%
LATIN AMERICA 4%
ASIA 7%
U.S.S.R. AND SATELLITES 7%
UNITED KINGDOM 11%
WESTERN EUROPE 15%
NORTHERN EUROPE 2%
UNITED STATES 47%
FOREST PRODUCTS DIV., BDSA, U.S. DEPT. OF COMMERCE
55-69-A

Norway.—Production is anticipated to increase from 182,000 tons in 1954 to 200,000 tons in 1958 by modernization of present facilities.

Sweden.—Expansion at Stora Kopperberg Mill at Kcarnsveden, Holmens Brud at Hollstavick and Swedish Cellulose Co. at Su Dsvall will increase total production by 140,000 tons during the 1955–58 period.

UNITED KINGDOM—NEWSPRINT

1950–54

United Kingdom, although a sizable producer of newsprint, is not self-sufficient. Production rose from 609,000 tons in 1950 to 681,000 tons in 1954. Operation at capacity levels in 1953–54 was responsible for approximately a 70,000-ton increase over 1950–51 production.

Consumption levels have been under control through rationing since World War II. These levels have been dictated by the availability of imports from Canada and Northern Europe as well as the desire to continue exports of newsprint for exchange purposes. Consumption, which was 680,000 tons in 1950, had risen to 906,000 tons in 1954, due to ability to obtain additional imports, primarily from Canada, and easing of the United Kingdom's exchange position. Imports consequently rose from 186,000 tons in 1950 to 368,000 tons in 1954. Exports rose only 30,000 over the same period.

1955–58

United Kingdom

[Thousands of tons]

	1955	1956	1957	1958
Production	680	710	740	800
Consumption	1,000	1,100	1,300	1,500
Exports	180	160	190	200
Imports	500	550	750	900
Net import requirement	320	390	560	700

Estimates of consumption demand for 1956–58 have been based on the expected increases following the decontrol of newsprint in March 1956. The precise demand is, of course, difficult to measure, but it is felt that the 1,500,000 tons estimated for 1958 is reasonable. Prewar consumption levels were slightly above 1,300,000 tons. It is believed that the long-range potential newsprint consumption by the United Kingdom is in excess of 2 million tons,[1] but the many economic factors involved in shifting from a rationed program to complete freedom will not allow this demand to be felt at once. However, our figures do bring United Kingdom consumption of newsprint back to prewar levels in the first year after control.

Any faster rise in demand than is shown here will further aggravate the world supply-demand balance, especially as both the United Kingdom and the United States obtain most of their newsprint from Canada.

EXPANSION

Reported production increases of 120,000 tons are to be realized by new machines installed by the Bowater Paper Corp. at the following mills: Lloyd Kemsley, early 1956; Mersey, May 1957; and Thames, May 1958. Capacities of these machines are not expected to be realized in the period under consideration.

[1] Sir Eric Bowater, head of the Bowater organization, which has mills in England, Newfoundland, and Tennessee, in a meeting of the board of directors of his company, on March 18, 1954, predicted that the demand for newsprint in the United Kingdom could soon reach 2,240,000 short tons. This estimate, it is understood, was based on circulation increases and a return to the number of pages prevalent in prewar years. If such levels of demand become effective, there is a further increase in United Kingdom newsprint requirements of about 700,000 tons above the levels used in this report. Such an additional demand would impose serious strain on North American supplies to the United States as well as the United Kingdom and the rest of the world.

WESTERN EUROPE—NEWSPRINT

1950–54

Production increased from 927,000 tons in 1950 to 1,201,000 tons in 1954.

Imports increased from 197,000 to 438,000 tons to meet increased requirements not available from increased production.

Annual increases in consumption for the period 1951–53 were at the moderate level of 100,000 tons, but the increase in 1954 was double that figure, reaching 200,000 tons.

Exports, primarily from Austria, increased from 113,000 tons in 1950 to 164,000 tons in 1954.

1955–58

Western Europe

[Thousands of tons]

	1955	1956	1957	1958
Production	1,320	1,390	1,470	1,500
Imports	480	520	670	840
Exports	140	140	140	140
Consumption	1,660	1,770	2,000	2,200
Net import requirement	340	380	530	700

Production is expected to increase 180,000 tons from 1955 to 1958. The increase will come from the installation of new machines in Italy, Greece, and Portugal, as well as modernization and speedups of existing facilities throughout Europe. Demand for newsprint in Western Europe is due to increase considerably in the near future. These countries have shown surprisingly rapid recovery from the effects of World War II, and all signs point to a more intensive economic activity in the near future.

The effect of this reactivated economy on demands for newsprint is difficult to measure. Estimates for newsprint for Western Europe in the next 3 years have been made so as to keep pace with the expected increase in overall activity. With Western Germany and Italy again a factor in the world economy, and the rest of Western Europe about to attain its full stride, demand for newsprint will increase rapidly. Our data show an increase of 540,000 tons from 1955 to 1958, or nearly a 33 percent rise. These estimates may well be on the conservative side. If such is the case, the precarious world supply-demand balance for newsprint would be further endangered. These figures represent demands for newsprint that will be consumed, provided adequate supplies are available. They do not represent unestimated wants or expected availability, but rather a realistic level of newsprint consumption in line with anticipated levels of economic activity.

Exports, primarily from Austria, are expected to remain constant, as internal demands will prohibit release of increased tonnages for world markets.

LATIN AMERICA—NEWSPRINT

1950–54

Production of newsprint has been 40,000–50,000 tons annually in Latin America since 1950. Imports average 389,000 tons in 1950–54, gradually increasing from 374,000 to 420,000 tons. Newsprint reportedly can be imported at lower cost than it can be produced in some parts of Latin America. Supply sources have shifted from the northern European countries of Finland, Norway, and Sweden to Canada and the United States, which now furnish over 60 percent of the imports.

Consumption rose from 417,000 tons in 1950 to 462,000 tons in 1954. This growth has been restricted to some extent by economic and political controls.

1955–58

Latin America

[Thousands of tons]

	1955	1956	1957	1958
Production	70	80	90	100
Imports	440	470	560	600
Consumption	510	550	650	700
Net import requirement	440	470	560	600

It is estimated that a gradual increase in production for 1955–58 will be realized, as present facilities are adequate from a capacity standpoint.

Increased imports are of necessity geared to projected requirements for the 1955–58 period. Production gains must materialize, or imports will have to be increased to provide the necessary tonnage for anticipated consumption.

AFRICA—NEWSPRINT

1950–54

All newsprint requirements are imported. Imports have increased from 55,000 tons in 1950 to 104,000 tons in 1954.

1955–58

Africa

[Thousands of tons]

Net import requirement:	
1955	120
1956	140
1957	160
1957	170

No facilities for newsprint production are expected to be built in the near future.

Increases in consumption and consequently in imports are based on the assumption that there will be a gradual increase in economic activity in this area.

ASIA—NEWSPRINT

1950–54

Production of newsprint in Asia rose from 173,000 tons in 1950 to 595,000 tons in 1954. Growth of the industry has been centered in Japan and China. Complete data for China are not available. Japanese production increased in 1954, despite a decrease in price which forced 12 marginal mills into some other activity. Japan is rated as self-sufficient. Other Asian countries are dependent on imports, which increased from 127,000 tons in 1950 to 201,000 tons in 1954. Exports are negligible.

1955–58

Asia

[Thousands of tons]

	1955	1956	1957	1958
Production	620	70	750	800
Imports	240	220	280	340
Exports	20	20	30	40
Consumption	840	900	1,000	1,100
Net import requirement	220	200	250	300

Production is expected to increase 180,000 tons by 1958, primarily in Japan. Imports will increase slightly, as will exports.

Expansion

Capacity and production increases in Japan will be realized in the period 1955–58 by the addition of new machines, modernization of existing facilities, and better utilization of equipment.

Consumption requirements have been estimated to increase about 31 percent by 1958, which calls for an additional 260,000 tons of newsprint. Taking an increasingly important position in world affairs, Asian countries will undoubtedly require larger amounts of newsprint. A number of countries, such as Pakistan and India, are building mills, which will decrease their dependence on foreign supplies, as well as alleviate their exchange problems.

With Japan, which is both the largest producer and consumer of newsprint among the Asian countries, being self-sufficient, and probably having small amounts available for export, import requirements will be centered in southeastern and Middle Eastern nations. Production expansion in these countries, while relatively small, will decrease considerably their dependence on outside sources Together with expansion in Japan, they will increase production of newsprint about 180,000 tons by 1958, thus calling for an increase in net import requirements of only 80,000 tons. If, of course, such expansions do not materialize, additional demand will be imposed on world supply and, as in other areas mentioned in this report, further unbalance the world newsprint supply-demand position.

Oceania—Newsprint

1950–54

Australian production increased from 35,000 tons in 1950 to 78,000 tons in 1954. Imports for Australia, New Zealand, and Hawaii increased from 190,000 tons to 244,000 tons in the same period.

1955–58

Oceania

[Thousands of tons]

	1955	1956	1957	1958
Production	90	140	170	170
Imports	250	250	240	250
Exports		40	50	50
Consumption	340	350	360	370
Net import requirements	250	210	190	200

A new newsprint mill capable of producing 84,000 tons annually, in New Zealand, which came into production late in 1955, will materially reduce the future requirements for imported newsprint for Australia and New Zealand. It is expected to produce sufficient newsprint for New Zealand's needs as well as provide 40,000 to 50,000 tons for export to Australia.

While consumption requirements are expected to rise about 30,000 tons by 1958, imports should slowly decrease because of the increased local production.

Hawaii has been included in this area so as to complete the world picture. It's newsprint requirements traditionally come from the United States and will stay at relatively minor levels.

Union of Soviet Socialist Republics—Newsprint

1950–54

Information available indicates that production increased from 665,000 tons in 1950 to 860,000 tons in 1954. Imports and exports are insignificant, indicating self-sufficiency. The extent of trade between countries cannot be determined.

1955–58

Union of Soviet Socialist Republics and satellites

[Thousands of tons]

	1955	1956	1957	1958
Production	900	940	960	1,000
Imports	20	20	20	20
Exports	30	30	30	30
Consumption	890	930	950	990
Net export availability	10	10	10	10

Because of the absence of reliable data, estimates of production and consumption have been made which provide for a 100,000-ton increase in both categories by 1958. A more active trade in newsprint with other countries might either add supplies to the world total or, on the other hand, increase world demand.

Newsprint Distribution

We have been asked to comment on evidence, if any, of gray markets, maldistribution, and sales of newsprint at higher prices than the established price.

Basically, newsprint in the United States is distributed by four different methods.

One method is direct shipment from newsprint manufacturers to consumers, usually publishers, under long-term contracts. This method accounts for the great majority of newsprint tonnage.

Another method of distribution is through established paper merchants, who in turn sell to consumers. The majority of small weekly papers secure their newsprint in this way. Although merchant tonnage is a small part of the overall tonnage it, nevertheless, supplies a great many small users.

Brokerage houses are another channel of distribution. While sales are made by the brokers, the newsprint is shipped directly from the mill to the ultimate consumers.

Finally there is the sale of newsprint in rolls by manufacturers to commercial sheeters, who in turn sell to small consumers, such as weekly newspaper publishers.

During other periods of newsprint shortages, some evidence was discovered that a small amount of newsprint was being diverted into spot sales at prices above the current levels. The tonnage involved has usually been so small that there has been no noticeable overall effect upon newspaper publishing.

Paper merchants do not necessarily have contractual commitments with newsprint manufacturers. Nevertheless, they are on an allotment basis set up by the newsprint mills. We have no reason to believe at this time that paper merchants are not receiving their equitable share of newsprint based on past allotments. Certain newsprint manufacturers, who also sheet newsprint, have reported that they plan to operate their sheeting departments at 100 percent of capacity, irrespective of their inability to deliver contract commitments.

By far the largest number of weekly newspaper publishers in the United States still use sheeted newsprint and print their newspapers on flatbed presses. Other small publishers, however, have installed press equipment using roll newsprint. To the best of our knowledge, there have been only a very few instances where newspaper publishers have not received enough newsprint to continue printing their newspapers. In each case it has been possible for the Department of Commerce, acting informally, to arrange with the supplier of the publisher to deliver a sufficient quantity of newsprint to continue publication of the newspaper.

We have been informed that many of the newspaper publisher State associations and also the American Newspaper Publishers Association have been actively helping to adjust newsprint shortages of individual papers by borrowing newsprint from one member publisher to supply another.

We have no reason to doubt that paper merchants and newsprint manufacturers will continue to distribute their newsprint equitably to their customers. We have been informed verbally by the Newsprint Association of Canada, the American Newspaper Publishers Association, newspaper publishers State associations, and some newsprint manufacturers, both in Canada and the United States, that they will attempt to correct any instance of maldistribution or severe shortages.

We believe this voluntary approach by both producing and consuming industries is highly desirable and for the time being precludes the necessity of formal Government action, even if such action were possible. The Department of Commerce

expects to continue, unofficially and informally, to assist in this voluntary plan to whatever degree appears necessary.

Some newsprint, we understand, is being imported into the United States from foreign countries at a cost higher than that charged by regular North American producers. We also understand that some newsprint is being made by high-cost marginal mills in the United States which have recently returned to the production of newsprint. As frequently happens in a tight supply situation, mills which normally produce other grades and kinds of paper switch their machines to newsprint production when the price obtainable makes the change profitable. Such tonnage, however, is usually small. In some instances it is being sold to newspaper publishers to augment their regular supply.

Newspaper Publishing: Costs; Advertising and Circulation Rates

Information on newspaper publishing costs and changes in advertising and circulation rates is not available on an industrywide basis. The Inland Daily Press Association, composed of 480 daily newspapers in the central part of the United States, makes surveys of wages paid to 4 classifications of newspaper employees and has also surveyed circulation and advertising rates of its membership. Earnings of production and related workers in the newspaper industry are compiled monthly by the Bureau of Labor Statistics.

NEWSPRINT PRICES

The price of newsprint (delivered in New York) was $84 a ton in 1947. In 1948 it rose to $96; in 1949, to $100; in 1951, to $105; in 1952, to $116; and in 1953 the price was $126. There was no change in 1954 but in November 1955 a $5 a ton price increase was announced. This, however, has generally been reduced to $4, resulting in a current price of $130 a ton, which is 54 percent above the 1947 price level.

WAGES

The Inland Daily Press Association November 1955 Survey based on reports of 158 newspapers, shows a rise of 41 percent since 1948 in the average wages of the four classifications studied. Increases for each classification were: Reporters, 49.2 percent; advertising salesmen, 37.9 percent; clerks, 39.7 percent: compositors, 37.2 percent.

According to Bureau of Labor Statistics reports, 1954 annual average hourly earnings of production and related workers in the newspaper industry were $2.589, 31.5 percent higher than the 1948 average of $1.968. By October 1955 the figure had risen to $2.69, 3.7 percent above the 1954 average, 37 percent more than the 1948 figure.

CIRCULATION RATES

Five cents was still the most popular single-copy price for weekday issues in 1954, the Inland Daily Press Association found in its survey of 188 newspapers. Approximately two-thirds of these newspapers were charging 5 cents, while the remaining third was divided about evenly between those charging 6 cents and those getting 7 cents. Since the previous survey in 1952, the number of papers getting 6 cents had increased from 12 to 15 percent of the total surveyed, while those getting 7 cents had risen from 8 to 13 percent.

Of 157 newspapers publishing on a 6-day basis, 29.3 percent in 1954 reported 35 cents as the city carrier rate; 52.2 percent reported 30 cents. The 1952 survey based on 177 newspapers, showed 17 percent charging 35 cents, 53 percent charging 30 cents. Over the same period, the number selling for 25 cents dropped from 21 to 11 percent.

ADVERTISING RATES

In circulation ranges from 2,000 to 128,000, the combined average increase in advertising rates from 1945 to June 1955 for all advertising classifications was 40.2 percent, the Inland survey disclosed. The June 1955 average increase was 2.1 percent above the 1954 average. Percentages of increase are different in the various circulation ranges, as well as for the several advertising classifications.

While the information contained in the Inland surveys was developed from a relatively small number of newspapers, it is believed to be the only published information showing labor costs and advertising and circulation rates of small- and medium-sized daily newspapers.

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Newsprint Production Costs

LABOR AND MATERIALS COSTS

While the price of newsprint has risen 54 percent since 1947, production costs have also risen similarly. Weekly earnings for workers in pulp, paper, and board mills have risen over 60 percent. Prices of pulpwood in the South have risen nearly 50 percent and in the North, 20 percent. The wholesale price index for another important raw material, inorganic chemicals, has risen 41 percent from 1947 to late 1955.

TRIM LOSS

In recent years newspaper publishers have decreased the width of newsprint rolls required from the mills. The shift has been from 68–72 inches down to 60–64 inches. This decrease in roll width has caused difficulty in the scheduling of efficient production on the newsprint machine. The width of a newsprint machine is designed to produce the greatest width of salable paper in line with customers' demands at that time. Paper coming off a paper machine is necessarily the full width of the machine. The loss of salable paper occurs when this jumbo roll is cut to customer sizes. That part of the jumbo roll which is left over after the various size rolls have been cut from it is the trim loss, which must either be sold as sideruns or returned as pulping stock to the pulp system where it is commonly called broke. Since the shift to narrower rolls occurred, the trim loss has risen and consequently the costs of producing salable tonnage has also risen. The machines built previous to World War II were designed to accommodate 68–70-inch rolls.

New machines which have been installed in the years 1946–52 have been designed to accommodate multiples of 64-inch rolls. With the reduction in roll sizes to 60 inches since World War II both the old prewar machines and the machines recently installed are no longer able to get full trim widths.

Machines that are now on order for installation between now and 1958 have been designed to accommodate multiples of 60-inch rolls. Any change in roll widths in the future will adversely affect the production of newsprint on these new machines and consequently increase the costs of production.

OBSOLESCENCE

Because of a slow speeds and narrow widths there are a number of newsprint machines, both in the United States and Canada, which will be forced into the production of other grades of paper in the foreseeable future. Their operation on newsprint is rapidly approaching the uneconomical stage, if in some cases such has not already been reached.

The difficulty of obtaining full margin widths because of the shift in roll sizes has been a contributing factor in their approaching obsolescence. Another factor has been their inability to compete with the large machines now in production and to be built, which produce double the amount of newsprint over the same period of time at reduced labor operating costs.

Conclusions and Recommendations

In this preliminary report, it must be noted that statistical information on the newspaper publishing industry with respect to many factors affecting newsprint consumption is not readily available. The American Newspaper Publishers Association maintains excellent statistics on newsprint consumption and inventories of its member dailies. There is not, however, adequate statistical information on an industrywide basis on certain factors in the newspaper publishing business to promit projection of apparent consumption requirements on any basis except relation to projected real disposable income, the method used in this report.

If funds were available, the Department of Commerce believes that it would be desirable to expand the collection of statistical information on the United States newspaper publishing industry and on world consumption and production of newsprint, such surveys to be carried out in cooperation with the newsprint manufacturing and newspaper publishing industries. We believe the information obtained would be helpful to both industries, as well as to the Congress and executive agencies of the Government, since it would disclose significant correlations in historical demand patterns. These, in turn, would provide a reasonable basis for forecasting requirements over a longer period, thereby encouraging both

consumers and producers of newsprint to make whatever adjustments in their operations are necessary to maintain a balanced supply. As long-term trends in consumption are defined, the need for increased production would be apparent in time to permit orderly expansion of facilities and to attract the necessary capital.

This analysis shows a substantial world deficit in newsprint and an apparent substantial deficit for United States publishers for some years to come. At this point there is little knowledge as to how the anticipated deficit after 1958 will be overcome.

Newsprint competes for production facilities with other grades and kinds of paper. Expansion of newsprint production, therefore, will partially be governed by this competitive position. The large capital investment that is required for the construction of newsprint mills, as well as the extensive forest acreage necessary to support mill operations, indicates that active support by newsprint consumers will be an important factor in obtaining production increases needed to meet the anticipated deficits.

OTHER FIBROUS MATERIALS

Bagasse

We have discussed with the Valentine Pulp & Paper Co. of Lockport, La.—the one mill in the United States using bagasse as a principal fiber in the manufacture of paper and pulp—some of its newsprint production problems. The company has made only a small amount of newsprint from bagasse, and in its experiments has found bagasse an unsatisfactory substitute for mechanical pulp (groundwood). Bagasse requires the addition of chemicals to produce a sheet of satisfactory opacity, and the material costs involved in producing newsprint from bagasse make it more expensive than regular standard newsprint.

This company has been manufacturing a 16-pound substance tablet grade of paper, which has been used to a limited degree by some small weekly newspapers in the vicinity of Lockport. They have experimented with press pressures and inks and apparently are satisfied with the reproduction quality, but the cost of the paper to them is approximately $210 per ton. Perhaps this is not prohibitive for small amounts of newsprint, but for any sizable quantity it would be a high price.

The possibility remains that a mill could be built to produce a satisfactory newsprint from a mixed furnish of bagasse and groundwood at a lower price than newsprint from 100 percent bagasse. But with forest lands available in the bagasse-producing areas, it appears to be more economical and more practical to manufacture newsprint from wood fibers.

Expanded use of hardwoods

The use of hardwoods is proceeding at what we consider a satisfactory pace. A number of pulp and paper mills are in the process of installing the necessary equipment, and mills that have installed this equipment are operating satisfactorily. We have been informed that the percentage of hardwood groundwood used by some newsprint manufacturers, both in the United States and Canada, is now between 25 and 30 percent of the total furnish. The continuing research in this field is a healthy sign in the extension of forest product usage in the manufacturing of newsprint.

Newsprint from wastepaper

We have been studying the possibility of expanding the production of newsprint from wastepaper. Although we are not prepared at this time to make any recommendation in this respect, it is perfectly possible that coordination of research, and perhaps financial assistance in research, may be desirable. Help on the part of the Department of Commerce in arranging for test runs on a larger scale than is possible through paper laboratories may also be required. It is our intention to investigate further and be prepared to make a report later in 1956.

Increased production of newsprint in the United States

Production of newsprint in the United States is expected to increase 400,000 tons by 1958. In reaching the 1,900,000-ton level by 1958, mills will shift some old and obsolescent machines from newsprint to other grades of paper selling at a higher price. The loss in newsprint capacity from these machines will be about 30,000 tons, but this loss will be absorbed by new capacity and by speedups and modernization of existing facilities.

Mr. SHOOK. As Secretary Mueller has pointed out, Dr. Stevenson asked us, apparently in August before I came to the Department of Commerce, to give a preliminary report before your investigative trip that you took and it was quite preliminary. Upon returning from that, he suggested that we get together more detailed information. We attempted to do so, and I believe this is the first time that the Department of Commerce has ever made projections in the field of pulp and paper.

The only way we could do it was to take some projection that was public and we used the gross national product and the real disposable income that had been given by the Joint Committee on the Economic Report. Upon studying this, you will find that in 1955 newsprint consumption not only exceeded the available supply but it exceeded percentagewise the growth of real disposable income.

Our predictions for 1956—and please understand that these are estimates and they can go above or below the line—are not predictions on consumption but they are estimates. They show that we are going to have about a 65,000-ton shortage in this country. If we build our inventories up by 35,000 tons that will be true. That is based on an average rate of growth in the real disposable income. If we fall short on our expected imports, and if we fall short on our expected production in the United States, we will be that much further in the hole.

Mr. KLEIN. Would you yield at that point? Does that figure of yours include the estimated increase in production by some of the newsprint mills?

Mr. SHOOK. Yes, sir; it does.

Mr. KLEIN. You already have taken that into consideration.

Mr. SHOOK. Yes, we have checked it. We have written letters to all of the domestic producers and we have taken the Canadian Newsprint Manufacturers Association report and have included all of the known factors. Each of the United States producers of newsprint have written to us telling what their realistic production will be through 1958.

We have included in this report the statements through 1958. Beyond 1958 we cannot hazard a guess on how sufficient the supply will be to meet the demand on the projected demand. Presumably there will be some new mills built, but if they are, it is doubtful in our opinion whether they will be producing before 1960.

There is a lag, as you very well know, from the time you make up your mind to build a mill until it can be producing newsprint.

Mr. KLEIN. Will you yield there further? We visited three of the large mills in the South and I think that they are all increasing or intend to increase their production about 100 percent. That is included in this survey.

Mr. SHOOK. Yes, that is included mill by mill. That is just on what their expected addition is. That is on page 15 of the report if you care to refer to it, sir. That shows what their expected production will be by years under the heading of "new machines."

Mr. KLEIN. I did not want to interrupt you. I just wanted to ask that question.

Mr. SHOOK. That is perfectly all right. We called the Advertising Bureau of the American Newspaper Publishers Association to attempt to get a forecast on national advertising linage for the first 6 months of 1956 compared to 1955.

In 1955 the advertising linage was approximately 11 percent higher than in 1954, in the first 6 months, and Mr. Barnes, who is managing director of the Advertising Bureau, informed us yesterday that if the newsprint were available he believes that the linage in the first 6 months of 1956 would be 10 percent above 1955.

If that increase in consumption requirements follows through the year, our predictions for 1956 are going to fall short. The only concrete thing we had to base it on was the real disposable income that we have used in this report.

We show an apparent demand for newsprint in 1965, of 8,250,000 tons. Where the difference between our total overall requirements and what is expected to be produced beyond 1956——

Mr. KLEIN. You said 1955 or 1956?

Mr. SHOOK. No, that is 1965. The only production figures that we have are through 1958, and as far as we have made a study of the world production in this report, we have taken into consideration all of the possible production that we know of that would come into operation even after 1958.

There have been some mills in the United States, and there has been information that mills may be built. However, we did not include those in here because they are just expected to be built.

If the Georgia-Pacific Mill is built in Alaska, that is expected to produce about 155,000 tons, but their plans are not far enough along at this time to include that in this report. Even if it were, it would probably not be in production before 1959 and perhaps 1960.

The world demand for newsprint, according to our information, is as follows, and this may be of interest to you just as a brief résumé of the picture for you: Newsprint consumption in the United States in 1954 was practically the same as it was in 1953. In 1955 consumption was 8 percent above 1954. Consumption of newsprint in the balance of the world in 1954 was nearly 16 percent above 1953 levels, and 1955 consumption is estimated to be approximately 9 percent above 1954. So the requirements for newsprint in the world outside of North American have been increasing more rapidly than in the United States, even with 1955 high consumption.

The world demand for newsprint certainly can affect the United States supply. Canada supplies the greater proportion of newsprint both to the United States and to the world and any unusual world demands would bring pressure on the Canadian manufacturers to ship newsprint to those countries. However, we have used as our 1956 and 1957 predictions what the Canadian Newsprint Manufacturers Association say they will send to the United States.

The average increase in newspaper advertising linage from 1955 to 1965 is about 33 percent, which is an average of about 3.3 percent per year. The estimate on the increase in real disposable income for that same period of time is about 3.5 percent per year. That follows quite generally the relationship of newspaper linage to the real disposable income from the years 1949 through 1954 so that we believe that prediction is reasonable.

Again we must say that if our real disposable income goes to that figure, one of the reasons why the 1955 newsprint consumption was high and the linage was exceptionally high in 1955 was due to the fact probably that our production facilities in this country were turning out consumer goods. It was necessary to support the sale of those materials with advertising linage.

The comparison of the tons of newsprint consumption to the millions of agate lines of advertising and the circulation of dailies may be of interest in the report, and I would be glad to read what we expect in those areas from 1950 through 1956.

Of course through 1955 that is actually and beyond that which is estimated. In 1950, the newsprint consumption was 5,856,000 tons, an increase of 5.9 percent over 1949. The agate linage was 2,440 million, and the circulation of dailies was 53,829,000. In 1955—I'll skip those intervening years unless you feel you want all of those years, sir. In 1955 the consumption of newsprint is 6,575,000, an increase of 8.1 percent over 1954. The linage was 2,839 million lines or an increase of 10 percent, and circulation went up in that same period 2 percent.

In 1965, it is estimated that the United States consumption of newsprint will be 8,250,000 tons. The linage is 3,780 million lines, and the circulation is expected to reach 66,254,000.

Now, the percentages throughout those times are quite even and they are not too far apart. So for that reason, we also believe that our predictions based on the real disposable income are realistic.

In the case of the world requirements we sent telegrams to 25 countries, through our Foreign Service departments, to the embassies in those countries, and we have received replies from them. However, we believe that an expansion and a more detailed collection of information from those countries is desirable. That is simply because the future demand for newsprint in those countries will have an effect on the available supply for United States newspapers.

We also believe that it is desirable to expand our collection of statistical information from United States newspaper publishers. We have used in this report comparisons of circulation and pages, and advertising linage merely as a check against the projections based on the real disposable income, and we have found some gaps in information that we should have available. The American Newspaper Publishers Association do maintain excellent statistics on newsprint consumption by their individual members, and it is true that it represents a high percentage, 76 percent I believe now, of the total consumption.

Nevertheless, the spectacular growth in certain newspapers is in the smaller dailies and smaller weeklies which are not covered in that report. Also, we believe that with the cooperation of the various associations in the newspaper field we could develop statistics that would pinpoint this a little bit more accurately than we could do in this report.

That is about the extent of my statement. I would be very happy to attempt to answer questions if that is possible, and if we cannot answer them we will supply information for the record.

Mr. KLEIN. Mr. Friedel, do you have any questions?

Mr. FRIEDEL. Mr. Shook, as a result of our visit to the South, to the five paper mills, there is no question in my mind that we have enough resources and there are ample supplies. We also found good labor conditions and good salary scales. The mills have a long list of future employees. Knowing of the lifting of the ban in England, there is going to be more need for newsprint. The thing that I observed most of all, or what I learned of most importance, I thought, was that these mills that are working 24 hours a day, 7 days a week, told us that there are a lot of mills that make pulp but they find it more profitable to make other than newsprint.

Have you gone into that angle or that part to encourage more mills to make newsprint?

Mr. SHOOK. Well, to this extent, yes. Newsprint is a commodity that must compete for production facilities with other grades and kinds of paper. We believe as you do that there is enough wood or fibrous material available in the United States in sufficient quantities to manufacture the newsprint that may be required. The price that they can sell other grades of paper for undoubtedly is higher, and we know that.

From 1950 to 1956, the cost of newsprint—in the 3 years prior to 1955, rather—the price of newsprint increased about 4 percent. Generally, overall, the prices for paper other than newsprint increased by 6 percent. So there is a tendency on the part of producers, probably, to build mills to produce a grade of paper which sells for higher prices.

What we can do about it, I do not know. We can point out to the publishers what their requirements are going to be, and since newsprint is a commodity, we do not feel that we should comment on the comparative prices too much in that respect.

Mr. FRIEDEL. One of the things I am very fearful of is that if we do not have an ample supply of newsprint we will be in some way suppressing news to the American public. We have also seen on the wall in one of the mills, one issue of a paper. It showed 80 percent advertising and 20 percent news and how to cook and things of that sort. They are cutting down a little bit more on that, and we are worried about the supply of newsprint.

We have to consider this, because these mills in the South are expanding. I am worried about what we can do to encourage these other mills to make newsprint.

Mr. SHOOK. I think on page 8 we have made an analysis of the content of newspapers and I think you will notice that prior to the war in 1941 the percentage of editorial content and advertising content was about 60 percent editorial and 40 percent advertising. During the rationing period on newsprint, during the war, that changed to where it is now—approximately 40 percent editorial and 60 percent advertising.

We do not believe that that percentage can be changed very much more, simply because of physical limitations on placing of ads in a paper. You must have some open space for news in many of your pages. As the pages increase, your percentage of editorial will increase about the same ratio.

For the purpose of this report, through 1965, we have estimated that that ratio will remain constant at 60 percent and 40 percent. It is 60 percent advertising and 40 percent other. That is, on the basis of the country as a whole and not one individual newspaper. I have seen some issues with a couple of hundred pages; they were special editions or something like that.

Mr. KLEIN. I think that you will recall that we saw down in Coosa River, they showed us some newspapers where it was about 20 percent editorial and news, and 80 percent advertising. This was a tremendous paper, as you pointed out, and it seemed to me that there must have been 100 pages in there.

Mr. SHOOK. There are some anniversary issues that I know that have run more than 200 pages. I have seen that. But they were

generally an anniversary issue of some kind where a great volume of advertising was included in it.

Mr. KLEIN. This particular paper, I think they told us that was a general practice down there. It was not a special issue, and I was very much surprised to see that. We will come to that when I question you later and I do not want to take up the time of the members.

Mr. HALE. What paper was it?

Mr. KLEIN. I do not recall what city it was; it was a small-town paper. But I was amazed, there were over 100 pages in the paper, Mr. Hale, and 20 percent was devoted to news and editorials and the balance was either advertising or special contests and things of that kind.

Mr. FRIEDEL. It was one of those editions where the big chain stores have whole page ads, like on Friday when they advertise food. It is almost the same way every week.

The other thing that alarms me is that these weeklies, the small newspapers, are having a hard time getting newsprint. These mills are going into 20-year contracts. I understand they are even running back and falling short on their contracts and a lot of these small papers are then unable to get newsprint and have to go into other types of paper which is very costly. It is running them out of business. That is another important phase of this picture.

Mr. SHOOK. We can comment on that. We were worried about that situation for the last 3 months and we have had assurances from the American Newspaper Publishers Association, and from the president of the Newspaper Managers Association—I think there are some 50 associations involved in that, and I believe Mr. Serrill is here today. We have also had assurances from individual United States mills and from individual Canadian mills and from the Canadian Newsprint Manufacturers Association that in any instance where there was a severe shortage they would all cooperate and try to correct that.

We also have had assurances that the sheeting facilities of the mills that sheet newsprint for weekly newspaper will be operated at 100 percent of their capacity, irrespective of their ability to deliver contract tonnage. It appears at this time that the weekly newspapers, particularly those using sheeted newsprint—I would roughly estimate that about 80 percent of the 9,000 weeklies still use sheeted newsprint—will have a supply of newsprint available on about the same level as 1955. Perhaps it will not be as much as they could use.

The problem of sheeted newsprint is a difficult one because there are relatively few mills that sheet newsprint. There are some commercial sheeters, located in New York and in Chicago and I believe down in Texas, that have contract tonnage commitments with mills and buy jumbo rolls and sheet it. But it is a very complicated problem because in the State of Minnesota alone, there are 45 different sizes of sheeted newsprint.

We have had 2 or 3 requests to help in situations where the newspapers said, or at least they said they were running out of newsprint. In each of those instances we acted informally, unofficially, and brought together the supplier and the consumer, the publisher, and the situation was straightened out.

We believe that that informal way of treating it will, at least for the time being, be satisfactory. That is not going to supply any more

newsprint but I think it is important to point out that all of the producers, as far as I know, and the associations of producers of newsprint, and the large contract publisher customers in this country realize the small newspaper problem and that they will do anything within reason to try to keep those newspapers supplied with newsprint. I think that they all deserve commendation for that attitude and their assurances to us at this time.

Mr. FRIEDEL. We have a publisher in the city of Baltimore—not a publisher, but a printer that prints newspapers—who had a contract to print 100,000 issues of a labor paper a week. I am afraid he is going to lose that contract because he cannot get newsprint. I personally contacted three of the southern mills and asked them if they could give it to him, they said they cannot meet their quota. I do not know whether he is going to keep his contract or not since he cannot get the paper.

Mr. SHOOK. Again there is a question of the method of allocation, sir. I must admit that anyone trying to buy newsprint now who does not have a historical pattern of usage would find it quite difficult. If he had to use another kind of paper, probably his costs would be higher and he would not be successful in bidding on the paper. But I do not think that we can or anyone else should attempt to take paper away from someone who has a historical use pattern or contract and give it to someone who does not.

Mr. FRIEDEL. I understand that.

Mr. SHOOK. I know it is very difficult. I appreciate the difficulty involved.

Mr. FRIEDEL. That is all, Mr. Chairman.

Mr. KLEIN. I may say to the gentleman from Maryland that I did the same thing. I thought as a result of my visit, or the committee's visit to the southern newsprint manufacturers that I had established a very friendly relationship and when I got back to New York a publisher of a small labor newspaper came in to see me and said, "I will have to go out of business, we do not have any paper," and I said, "I will get you all of the paper you want," and in fact, I told him to write me a letter and I sent a copy of his letter to all three of them, and I got the same reasons. I do not blame those people, and they have these long-time 15-year contracts, however, what I believe the committee is concerned about is not so much the price—while they stimulated our interest, this recent increase in the price of newsprint—what concerns me, and I know concerns the committee is the fact that this might be an indirect form of censorship.

This will, I believe, and I can see it with the small newspapers that I am talking about, possibly drive some of these small newspapers out of business. In that way, I think, while I know it is not intended, it would certainly have the effect of a kind of censorship. These small newspapers who cannot compete with the big people will be driven out of business.

That is what I believe we are concerned about. We want to see if it is possible to stimulate production. Even though I was very much encouraged about what we saw when we went to these places, I believe publishers and newsprint manufacturers themselves, if they cannot do it, the Government ought to step in there somehow.

But I do not want anything to even be intimated or the impression go out that we want to control prices as they are doing up in Canada,

or even have allocations. I agree with you that we want to avoid that. But this is a problem for the industry, because we certainly do not want these small newspapers driven out of business, either because the costs are exorbitant, or because there is not enough newsprint to go around.

Mr. SHOOK. One thing I failed to mention was this: Most of the weekly newspapers in volume, I am sure, get their supplies of newsprint from paper merchants.

Mr. KLEIN. I know that to be a fact.

Mr. SHOOK. And as far as we know now—the Paper Merchants Association have also told us that they would help in any way possible—they are equitably distributing what they have on a historical basis.

Now, the formal method of distribution of newsprint in the United States is to the large contract customers direct, and through paper merchants, and through sheeters, and commercial sheeters for small weekly newspapers; then through what they call brokers who sell the paper, but it is usually shipped directly to the customer.

We have no reason to believe at this time, Mr. Chairman, that this system of equitable distribution will not continue. There will be some diversion probably in the field but in most instances it is small in tonnage. Most of the reputable manufacturers, and they are all reputable, I suppose, do deal with good paper merchants. I know that in one instance, or in two instances, a little problem arose as to publishers getting a supply of newsprint. Both of those paper merchants went out of their way to correct the situation. That was true even though they got a cut in their allotment of newsprint from the mills.

There is another thing, and they are not making it public, which I think is helpful from your standpoint, and it is this: We have been told by a couple of manufacturers that they are not cutting back their small customers at all. In one instance they asked that we not reveal the individual companies, and I respected their confidence, but one company I know will not make any cuts in deliveries on any tonnage below 300 tons a year. The other ones are going to deliver their full contract commitments to the small publishers. I think that is a healthy sign. That is not producing any more newsprint but it shows that the industry is very cognizant of this problem.

Mr. KLEIN. I do not want to monopolize the time of the committee. I will come back to you later. You and I can have a friendly discussion later. Mr. Beamer, do you have any questions?

Mr. BEAMER. Mr. Chairman, our committee has been studying this problem for years and in this particular adjournment period the subcommittee visited several foreign newsprint establishments. One was in Alaska, and one was in New Zealand. The one in New Zealand has been given $16 million by the Export-Import Bank.

I mentioned this because it may be one of the solutions to this particular problem because down in Oceania, and in other parts of the world, they had been drawing from the same source of supply from which our own publishers have been drawing.

Mr. SHOOK. Yes, sir.

Mr. BEAMER. It was rather startling to those of us who visited that area for the first time to find that the illiteracy rate was very high but it is dropping. In fact, in Indonisia, for example, with their comparatively new government, they have had an increase in their

literacy rate of 1 percent per year. That means that they are going to be reading more newspapers, and more books, and more publications; therefore, they will have a greater demand.

Mr. SHOOK. That is right.

Mr. BEAMER. At the same time that this plant in New Zealand gets into production, and it is in production now—I just received a letter from the Ambassador the other day—and they are putting out a large volume. That will supply the demand in that particular area that was drawing upon the same sources of supply upon which our domestic newspapers were drawing. That is a point, and the same thing is true in Alaska.

I wanted to know if you are familiar with the company in Japan that is asking for the privilege of erecting a newsprint plant in Alaska. I think it is called the Alaskan Paper & Pulp Company of Tokyo.

Mr. SHOOK. I am not too familiar with that; no, sir. I can check into it, and give you a report for the record. I have heard about it but I do not even know what capacity they expect to build there.

Mr. BEAMER. Has it been true that there has been difficulty in encouraging American industry and capital into the expansion and additional building of newsprint facilities?

Mr. SHOOK. I think in the United States, since 1951 or 1952, the United States producers of newspring are certainly to be complemented on their increase in production. It shows in this report, and I will have to find the page number. I think it is on page 13 of our survey. That gives the capacity in the past from 1950 up to the present time. It shows what we expect the increased capacity to be through 1958. It shows a very large percentage of production of increase in the United States compared to the rest of the world. We do know through 1958 what some of the world plans are.

Mr. BEAMER. Do you think, Mr. Shook, if the other world plans will materialize and develop, it would relieve the shortage here?

Mr. SHOOK. It certainly would help.

Mr. BEAMER. Wouldn't that probably be one of the answers to this particular problem—that if we can help other parts of the world to supply their own requirements, then we would not have the pinch to the same degree here?

Mr. SHOOK. That is right.

Mr. FRIEDEL. If you will yield there, as I understand, we export very little and we import from 75 to 80 percent of our own newsprint; is that right?

Mr. BEAMER. Well, on page 66 for example, it shows the amount of imports for New Zealand and so on. That increase of from 190,000 tons to 244,000 tons, they are getting that from some place. They are getting it from the same sources of supply that we are.

Mr. FRIEDEL. They are not getting it from the United States, and we import——

Mr. BEAMER. Yes; and if we import and we have a larger supply from Sweden or Canada to import, they would not have to supply so much down in these other areas. That would probably relieve the situation for all of us.

That is the reason I was asking about this Japanese outfit. They are very anxious for newsprint, and they feel the pinch more than we do because they have newspapers and I could not read their print but I could read their ads. I think that they are running 60 to 80 percent

in advertising space. The rest of it is in news and editorial comment. They are having a great demand for it there, and this company is very eager to set up a plant in Alaska.

I do not want to pursue that too long because I think others want to ask questions, but it occurred to me that is a rather important item, and it was so considered by the Export-Import Bank officials, because they did make this large loan to the Tasmanian Paper & Pulp Co. down in New Zealand.

By the way, that is quite a remarkable plant. I wish the rest of the committee could have seen it. It is producing or will produce large quantities of newsprint.

Now, the second question that I wanted to ask—I wonder if any more advancement has been made in the use of bagasse for newsprint?

Mr. SHOOK. I have just been informed that the pulp mill that you have in mind, or the mill that you have in mind in Alaska, is for the manufacture of pulp for rayon. That is what the Japanese are interested in.

Mr. BEAMER. That again would not relieve the newsprint situation.

Mr. SHOOK. No; not at this time.

Mr. KLEIN. But it would use up a good deal of the timber that could be used for newsprint, would it not?

Mr. SHOOK. Yes, sir.

Mr. KLEIN. It is the same timber, is it not?

Mr. SHOOK. Yes, sir.

Mr. KLEIN. Whether they make newsprint or rayon?

Mr. SHOOK. That is right.

Mr. BEAMER. I might say that we had this report, too, and we found that certain portions of the world could regrow their supply of wood for newsprint more rapidly than we can here in this country. We saw the demonstration in New Zealand where they have grown redwoods, transplanted from California in the last 50 years, and they are of enormous size, 4 or 5 feet in diameter.

They say that they can replace their forests and their available supply much more quickly than even their anticipated demands for the next 20 years.

Mr. SHOOK. That is very interesting.

Mr. BEAMER. If that is true, it seems to be an ideal location for some such production, does it not?

Mr. SHOOK. The rate of growth in the South, of course, is much more rapid than it is in the northern part of the United States here. Of course, the Forestry Department has, at our request, given a report which is included in here, that I think you gentlemen would be very much interested in reading. It gives availability of supply.

Mr. Beamer. You mean the wood?

Mr. SHOOK. Yes, through 1975. It is a summary of their regular timber resources report which is quite voluminous, but they have written a very fine summary and we have based some of our conclusions on that report.

You asked another question, and I have forgotten what it is.

Mr. BEAMER. That is with regard to the use of bagasse. We visited a plant in Paramonga, in Peru, several years ago, and on this particular trip found there were some people that are in Hawaii who would like very much, if it could be converted commercially and economically. They have a lot of bagasse there from the cane mills.

Mr. SHOOK. We have made an investigation of that, and of course we do not want to say to you that the use of bagasse in the United States to manufacture newspring necessarily is not too optimistic in the future, but the company in Lockport, La., who are manufacturing paper from bagasse in the United States have found quite a few technical difficulties in manufacturing newsprint from bagasse. They stopped manufacturing newsprint, and they are manufacturing a tablet grade of paper now that is being used by some of the small papers who consume 500 to 1,500 pounds a week.

In that area they have been experimenting with pressures and inks and things of that kind, trying to build up the availability. However, it is only a 16-pound paper, in comparison to 32-pound newsprint sheet. They have not been successful in getting a proper sheet of paper. That may be due to technical difficulties in the manufacture, but they sell their paper for approximately $200 a ton and for small papers that difference in price is not too high to the publisher; but certainly a large publisher could not afford at this time to pay that price for paper.

They have a machine which is slow, and they have to use ground wood with bagasse, which they cannot manufacture and have to buy. In that same area down there there seems to be plenty of wood available and up to this moment the expansion down there would probably be in the known field of manufacturing of newsprint which is the use of wood.

Mr. BEAMER. In other words, there are technical problems there.

Mr. SHOOK. Yes. For any sizable increase in production capacity in the United States, I don't think we should depend on bagasse too much. Certainly that is not in the immediate future. They are continuing to experiment with it and I think that that is helpful. However, I might point out here that the use of ground hardwood is continuing and one manufacturer is using now somewhere between 25 and 30 percent ground hardwood. That is in the production of newsprint.

There are other paper manufacturers making other than newsprint in the northeast who have installed the equipment to handle ground hardwood. It will shrink the amount of acreage necessary if they can use hardwood that is usually in their forest lands along with the softwoods that they are using now.

Mr. BEAMER. Might I ask one last question, Mr. Chairman?

Could you tell us something about the anticipated timber resources? Are they adequate? I think you have covered that in your report.

Mr. SHOOK. They are adequate.

Mr. BEAMER. I am talking about both types of woods, softwoods and hardwoods, and you referred to both.

Mr. SHOOK. Yes; the Forest Service informs us that at the projected demand that they show in 1975, there is a sufficient amount of timber available for all uses. They point out that the paper industry is a little more fortunate than the lumber industry in that respect because recently, in the last 10 years, they have been using a lot of waste material from sawmills in the manufacture of paper. That is continuing.

That is particularly true in the west coast. They are using woods now in manufacturing pulp and paper that they didn't use 10 years ago. That is trimmings from trees and bark, and the slabs. I don't

think that they are using the bark, but they are using normally waste materials so that the supply over all of material available to manufacture pulp and paper is expected to be adequate, at least through 1975.

However, they are supporting a forestry program and we would certainly want to, as well, in building up more of our woodlots and harvesting the timber from those woodlots, particularly in the areas where their paper mills are located. Most of the large paper manufacturers and pulp manufacturers are now following very excellent forestry practices—selective cutting and reforestation. But in the small woodlots there apparently is room for improvement in that area.

Mr. BEAMER. Could there be some conservation legislation enacted that would be helpful there that might require reforestation of these woodlots as you call them?

Mr. SHOOK. There is one suggestion that has been made by the Department of Commerce to the Department of Agriculture, and I know there have been many others along the same line. That is, if this so-called soil-bank or soil-conservation program goes through, perhaps in many areas some requirement could be made to plant at least part of that land with trees.

Mr. BEAMER. I would like to make one observation. I notice in the strip mines in Pennsylvania and Indiana a movement has been made to cover those rather unsightly mounds of dirt that have been thrown up with some kind of trees.

Mr. SHOOK. Certainly it would look better.

Mr. BEAMER. And perhaps we would get some trees for the future. That is all, Mr. Chairman.

Mr. KLEIN. Mr. Bush, do you have any questions?

Mr. BUSH. Mr. Chairman, I first want to apologize for being detained.

I might ask a question here that has already been answered, and if so, you can just tell me. I would like to know what our position is now with reference to producing newsprint in comparison with what it was, say, 3 years ago in our own country.

Mr. SHOOK. I can give those figures to you exactly. In 1947 the capacity in the United States was 837,000 tons, the production was 833,000 tons.

In 1955 the capacity was 1,540,000 tons and the production is expected to be or is, 1,500,000. So that we have gone from roughly 830,000 tons to 1,500,000 from 1947 through 1950.

The big increase has been since 1950. The expected increase, which we know of definitely because the machines are either being installed or are on order, is from 1,500,000 in 1955 to 1,900,000 tons in 1958. That is to the end of 1958.

Now, there will be some additional capacity after that by speedups and things of that kind but that is all of the equipment that we actually know of. Those are reports directly from the mills to us.

So the American newsprint industry has increased quite rapidly since 1950 in the percentage of production.

Mr. BUSH. What percentage would you say it has increased?

Mr. SHOOK. I think it has been worked out here but I believe that it is about 100 percent. It is around 100 percent, roughly.

Mr. BUSH. As I recall our hearings, Mr. Chairman, some few years ago, we were only furnishing for our own use within our own country,

about one-sixth of the newsprint that was needed. That was the reason I asked that question, to find out if there had been any improvement.

Mr. SHOOK. On page 31 there is a chart there that may help explain the percentages of United States production and imports in 1950 and what we expect it to be in 1958. You can see that we have been importing in 1950 about 83.5 percent of our requirements, and in 1958 it is expected that we will import only 76 percent.

That is on page 31 in the report that I have.

So the percentage of United States requirements being supplied by United States mills has increased considerably. It will increase from 16.5 percent in 1950 to 24 percent in 1958.

Mr. BUSH. Have these other countries expanded their facilities for production as much as we have in this country?

Mr. SHOOK. I think percentagewise they probably have increased more than we have. I am not in a position to say. I think it is probably in here, but I can't recall where it is. I think percentagewise they have increased it to a greater extent.

On pages 50 and 51 I think that you can get the comparison there. It is not percentagewise, perhaps, but it will give you the tables showing the production and imports by geographical regions in the world. We have used geographical regions rather than the countries themselves. I think there is a table of world production of newsprint on page 45 that will give it to you more clearly than the other one.

There is a chart on page 56 that perhaps can show you visually a comparison of production and consumption in Canada and the United States and the other portions of the world. You can get a much better picture of it there.

Mr. BEAMER. Will you yield there? On page 45 it shows that in 1930 we produced 1,226, and then it shows a decrease.

Mr. SHOOK. There was a steady decrease in United States production of newsprint from 1929, I think, through 1940 or up to 1950. Then it started picking up again.

Mr. BUSH. It seems to be very apparent that there is a great shortage of newsprint in our country. I am reading about it all of the time. That is especially among the smaller newspapers and they are having trouble in getting the amount they want. How serious do you think that is going to get?

Mr. SHOOK. We explained a little while ago on the demand, on the apparent demand for newsprint in the United States, that next year, in 1956 and in 1957 we pointed out that there has been quite a development of voluntary help or assistance offered on the part of publishers and manufacturers and their associations.

There is going to be a shortage of newsprint this year, certainly. It could be even more serious than our figures show if we do continue at the high level of consumption that we had in 1955. Certainly for the first 6 months the information that we have gained shows that there will be an increase in advertising linage for newspapers even over and above 1955 by about 10 percent. So I don't think any of us are minimizing the shortage of newsprint.

Mr. BUSH. Has there been any research to any extent that would bring about or furnish information that there is some other material that could be used to manufacture newsprint?

Mr. SHOOK. They have ground hardwood. That has been increased.

Mr. BUSH. I mean outside of the hardwood?

Mr. SHOOK. There has been some research, yes, sir, in the use of secondary fibers such as wastepapers. One newspaper publisher has been very much interested in that and has been conducting some research into the problem over the last 5 years. We are going to see a demonstration of his final product on the 19th of this month at Syracuse.

I think in that field there can be a lot of work done. It is not going to amount to great tonnages in the end because any mills manufacturing it would have to be located in areas where there was a sufficient supply, which would probably be in the area of New York City, and perhaps Philadelphia and Chicago and Los Angeles; nevertheless, any amount would help.

Mr. BUSH. What I am thinking about is this: If there are some fibers that could be discovered that we could grow an annual crop of—and goodness, I do not know what it might be; only research would bring it about—if we could grow an annual crop of something, some kind of fibers that could be used in newsprint our problem would be solved, would it not?

Mr. SHOOK. It would; yes, sir. But there is always the very difficult problem to overcome in annual crops of that kind. There is the storing of the material to give you an even run of paper in a newsprint mill. That is true in those cases.

Mr. BUSH. We should not worry about the storing of it.

Mr. SHOOK. You can make paper out of almost any fibrous material, but the question of the economic use of it in comparison to other materials up to this point has not given enough impetus to it. That is, not enough to use that material.

You can make it from straw, or corn stalks, or any kind of a fibrous material. But there are economic factors involved that have not up to this time made the use of such material economical.

Mr. BUSH. As I understand, if sugarcane has been found to have a very good material for the manufacture of paper, but it is only the glossy type of paper that it is really useful for it is not really too good for newsprint; is that correct?

Mr. SHOOK. That is correct so far. It has not been the most desirable fibrous material to use in newsprint.

Actually, from the standpoint of printability, it has to have ground wood added to it. To manufacture it on a volume large enough to sustain a good economical operation, it has not proven very useful because there has been wood available in that area. You could manufacture it.

Mr. BUSH. That is all.

Mr. KLEIN. Thank you.

Mr. Schenck, do you have any questions?

Mr. SCHENCK. First I would like to show my appreciation to Mr. Shook for that very fine statement and for his evident ability to answer a wide range of questions. It is very illuminating and thank you very much.

Mr. SHOOK. Thank you, sir.

Mr. SCHENCK. I notice in your report here that you say the United States production is 1,630,000 tons, of which we export 220,000 tons, leaving us a net tonnage of 1,410. Why should we export any?

Mr. SHOOK. I asked myself that question and the answer is this—I am speaking as an individual now, but the answer is this: Our country is supporting the dissemination of information in all free countries of the world and I think we probably certainly should continue to give that support. That is No. 1.

Our exports have increased but it is probably due to the fact that the customary practices in the trade are to survey requirements of newsprint consumers and then sell that excess tonnage on the spot market or ever for export.

In 1954 it looked as if we were going to have more capacity than we needed to supply contract commitments or any other requirements and a number of mills made long-term contracts for export. We do export a lot of newsprint from this country normally.

The Philippines and South America and other areas are historical markets and they get their requirements from the United States.

Mr. SCHENCK. Mr. Shook, if we import four-fifths of the newsprint that we use, then by what stretch of the imagination could it be determined that we would have 220,000 tons to export?

Mr. SHOOK. Well, again it is a question of individual supply and demand, Mr. Schenck. The companies sell to the publishers, and to their other customers and the same thing applies in Canada. They have been buying newsprint in Canada for years and they are continuing to buy it, and in periods of shortages like this perhaps it does appear sort of ridiculous that we are exporting that much. But we have no control over it. That is just trade practices and customs.

Mr. KLEIN. Will the gentleman yield? Is it not also a fact that many of our big newspaper publishers in this country own parts of those Canadian newsprint mills, and that accounts for a good deal of that being brought in? Is that not a fact?

Mr. SHOOK. There are some publishers who own mills outright in Canada and we have been told that there are others who have financial interests in those mills.

Mr. KLEIN. There is no secret about it. That is one of the reasons why so much of that is brought in.

Mr. SCHENCK. I understood that, too, but with all due respect to my very esteemed colleague, the chairman of this committee, and the big city from which he comes, the fact that I come from a relatively small community as compared with New York we still have a metropllitan population of somewhere in excess of half a million in Dayton, Ohio; our newspapers use some 32,000 tons per year.

Now, the $5 a ton increase, amounting to an increase in costs to them of some $160,000 or so, is a substantial amount which can be recaptured only by increasing advertising rates or increasing costs of the paper to the public, or both.

I also share the deep concern of our chairman and our colleague from Baltimore on the lack of space for news in the newspapers. These papers are tremendously important, not just of themselves, but for what they do for our communities.

Now recently in Detroit the newspapers were forced to suspend publication for reasons beyond the newsprint shortage and I understand that the commercial business in Detroit suffered tremendously. The newsprint, therefore, and the newsprint industry, has a very

direct bearing upon the amount of business that is done, and the amount of employment in manufacturing things that are sold.

Now, I understand several years ago, at the instance of this Committee, the Defense Production Act was amended to provide for governmental financial assistance to newsprint manufacturers for expansion. Has anything been done on this?

Mr. SHOOK. Yes, sir. The total expansion goal that was established in 1952 was 494,000 tons. Of that amount, approximately 400,000 tons has been constructed and another tax amortization certificate is outstanding, which, if completed, would add another 150,000 tons to it, making it approximately 550,000 tons of newsprint. The increased production that had been granted tax amortization was in that amount.

I would like to point out also that our estimated production increase through 1958 will be approximately 1 million tons so that there will be about 600,000 tons built without tax-amortization help, and that has been built because the demand was there and the people who manufacture newsprint went ahead and built their own facilities without Government assistance.

Mr. SCHENCK. Well, that is encouraging. Now, Mr. Shook, I believe you said that the present mills in this country are running at full capacity?

Mr. SHOOK. Yes, sir; not at full capacity but they are running at full time. Their capacity, perhaps, could be stepped up some but it is a question of breaking in machines and new machines, and it takes a considerable length of time to get the full maximum capacity out of those machines. We have estimated that increased production by increased machine speeds and other ways through 1958, and it is in this report.

Mr. SCHENCK. Do you feel, then, Mr. Shook, that the technical improvements and technological improvements which are being made in the industry are equal to other industries and are going to produce some real help?

Mr. SHOOK. I would rather say that in the manufacture of newsprint, using hardwoods, that the technological advances have been gratifying. I would not wish to say that there is not room for improvement in manufacturing newsprint from waste paper and in basic research into making it easier to extract inks from newsprint. We have made some inquiries along that line. We expect to continue to do that. We hope that something can be developed along that line that will help.

Carbon black mixed with the oils that are used by newspaper publishers is very difficult to extract, and to get a white enough sheet to make newsprint from it. We have not investigated that sufficiently to give you any realistic report. There perhaps could be some Government help in that line, through the various agencies of the Government, in trying to develop some type of catalytic agent that could be added to the ink cheaply that would help in its removal.

I mentioned, I believe before you came in, that Mr. Scudder of the Newark News has been investigating that, and there will be a demonstration of his process in Syracuse at the Forestry School and actually running paper on a laboratory machine. It is a 44-inch machine, and the speeds aren't very great, and after that time, then, it may be determined that a test should be run at a commercial plant somewhere.

The Government may be of some assistance in helping arrange that and going further into the question of basic research in the removal of inks.

Mr. SCHENCK. Just for the record, I have been here all of the time and I am glad that you expanded your explanation.

May I ask this: Has anything been done to assure proper transportation of these products? Is there any delay in that?

Mr. SHOOK. Yes, there has been some delay this year and it has been extremely critical because of the boxcar shortage that developed. I understand that that is correcting itself now, but with the newspaper publishers in the United States using so much of their inventory because they couldn't get newsprint in sufficient quantities, there were a number of occasions when newspapers were just about out of newsprint.

But again their local State associations had a pretty good idea of who had a little extra newsprint and they borrowed and worked it out that way, so that to the best of my knowledge there is no newspaper that has failed to come out.

They are using conservation methods now that are even better than—apparently—those used during the war. That may help the supply situation somewhat.

Mr. SCHENCK. Mr. Chairman, I learned earlier in the fall that our papers in Dayton were running at the maximum of 10-day inventory of paper. During the holiday season that got down to as low as 2 days. That is just a little too close. It would seriously have affected the business, the entire business in our community.

Of course, I personally hate to see advertising rates increased because that means that the small-business man is adversely affected in a very definite way. I am hopeful that our committee can be of some assistance here in the interest of this program, not only for the newspapers themselves and the dissemination of news, but for the commercial value of the employment and the factor of importance of newsprint to small business.

Mr. KLEIN. This newsprint is a very important part of the function of this committee and I can assure the gentleman that as long as I am chairman I will continue that interest.

Mr. SCHENCK. That is all I have now.

Mr. KLEIN. I am happy to note that we have three members of our full committee here: the chairman of the committee, Mr. Priest—would you like to ask any questions, Mr. Priest?

Chairman PRIEST. I think the questions have been pretty well asked by the subcommittee members, Mr. Klein, and at this point I shall not ask questions and will give someone else an opportunity if they desire.

I appreciate the fact that you are holding this hearing this morning, and I think it is very important that we keep on top of this situation because it can get out of hand pretty quickly; just as Mr. Schenck indicated, where there was only 2 days' inventory during the holidays. A situation like that can creep up on you all over the country if we do not stay on top of it.

I want to congratulate this subcommittee, and Mr. Klein as chairman, for the fine work they did during the recess on some investigations. I had an opportunity to be with the subcommittee at one visit to the Bowater plant down in my own State. It was a most interesting

visit and the subcommittee has done a very fine job, I think, in following through on this question.

Thank you, Mr. Klein, and I shall not ask questions at this time.

Mr. KLEIN. Mr. Chairman, I am particularly happy that you are here, because the chairman of the committee is a former newspaperman himself. I think he was managing editor of a newspaper. He knows the other side of this picture. He knows the practical end as well as the Government end.

Mr. Hale is from Maine, and I understand they have one or two newsprint manufacturers up there, and I am certain that you may have some questions. Mr. Hale, you may inquire.

Mr. HALE. I would like to ask a few questions, because this whole matter is terribly important to my State, and very important to me, although the principal producer of newsprint in Maine has a plant which is not in my district. That is the Great Northern.

Now, on page 45 of your summary, I have checked over these figures here which show changes in production in the last 25 years or from 1930 to 1954. I note that Canada has more than doubled its capacity, which is what I should have expected. I notice that we—the United States—have actually decreased our capacity since 1930, which is amazing to me, although we have increased apparently steadily since 1939. But there was a big slump from 1930 to 1939. Will you explain that?

Mr. SHOOK. Yes; I will attempt to, sir.

When the duty was removed from newsprint early—I think it was before 1920—newsprint production gradually shifted to Canada because they had wood, a lot of wood, and cheaper prices, and they could manufacture newsprint apparently cheaper than the mills that were then making it in the United States, and the United States mills—many of them—changed over to other grades of paper.

There were a couple of good exceptions, and one of them is in your State, and they continued to manufacture newsprint. But they didn't add any new equipment.

Mr. HALE. What is that?

Mr. SHOOK. They did not add during that period, in the last 40 or 45 years, any new equipment until about 1950. Then they started adding new and modern and efficient equipment and they have been doing an excellent job of increasing production. That has been true of the new mills that have been started in the South. There are a lot of machines installed in northern mills that, because of their trim widths, and because of their slow speeds—approximately 1,000 feet a minute, compared with the new machine speeds of 2,000 and 2,500—are not as economical for manufacturing newsprint today as the new ones.

There was a gradual shift in newsprint production to Canada and primarily it was based on price. There was also the availability of the material and the mills that were built.

Mr. HALE. I presume the supremacy of Canada was largely due to the availability of the pulp supply, plus possibly a labor factor?

Mr. SHOOK. A labor factor and also power; that was a big factor in Canada.

Mr. HALE. Then, in a word, the explanation of the drop in this country in the thirties was the greater economy of production in Canada?

Mr. SHOOK. Yes, sir.

Mr. HALE. Now, I notice that the United Kingdom has gained roughly 12½ percent, Finland has more than doubled which is not surprising, and Germany has dropped very materially and I suppose there the war was largely responsible.

Mr. SHOOK. Yes.

Mr. HALE. There was some drop, a very substantial drop, in the thirties in Germany before World War II.

Mr. SHOOK. Well, I don't know in what part of the thirties that happened, but Germany, of course, before World War II, was involved in military activities, were they not, and that, of course, was the advant of Hitler in that area and I guess exports of newsprint and consumption of newsprint just went down, that is all. That is, with the controlled press it is apt to go down.

Mr. HALE. And Sweden has increased about 50 percent, which is somewhat less than I would have expected. And Norway has gone down. That is very surprising to me.

Mr. SHOOK. Well, again, I would presume that in 1939 they were up, and in 1950 they were down, and I would imagine that it is a question there, again, of the war intervening and not having picked up that tonnage since the war.

Mr. HALE. Norway gained in the thirties, and then I see they dropped off during the war.

Mr. SHOOK. It may be interesting in that respect to note on page 53 that we have thrown them all together into northern Europe, but the net export availability between 1955 and 1958 is expected to increase from 860,000 tons in that area to 1,170,000 tons. That would reflect the increase in production because their consumption stays relatively stable during that period.

Mr. HALE. Now I want to ask one other question, and I am not sure that it was you—it was you or Mr. Muller—and I am not sure I understood something that was said.

There was a comparison made between linage of advertising in 1954 and 1955. Do you know what that statement was? It was the increase of 1955 over 1954.

Mr. SHOOK. Yes, I can give it to you. There was an increase in linage and I have a table here somewhere with it on, sir.

Mr. HALE. I thought someone said the linage of advertising had doubled.

Mr. SHOOK. No, it went up about 10 percent, sir, in 1955 over 1954. Actually, I think it went up more nearly 11 percent, and it was somewhere between 10 and 11 percent.

Mr. HALE. What I am coming to is this: There are several factors entering into this situation that you have to take note of. In the first place, the population all over the world and in this country is increasing. Our population will be a couple of hundred million, possibly, by 1975. You have a large increase of population in other parts of the world; in fact, the population of every country is increasing, so far as I know. That is one factor.

Another factor which was mentioned by Mr. Beamer is the growing literacy, which is not important in this country, I hope, but it is certainly a very important factor in the worldwide situation.

Then there is a tremendous pressure of increase in advertising plus, to a certain extent, increase in news. I suppose as the population of

the world doubles, there are twice as many people making news and you have an increase of news there.

Now, I do not see how, over the long term, you are going to grow enough trees to make enough pulp to make enough newsprint to give reading matter, or the kind of reading matter that they want, to all of these people. I do not know what the answer to that is.

One answer is obviously growing more trees in a big way. I think all of us would very much hate to ration newsprint and we would still more hate to ration news itself.

The only other thing that I can think of, and this is perhaps somewhat ridiculous, but when you go into these public libraries, you read the files of old newspapers under a magnifying glass. You may have to come to something like that, I don't know.

Mr. SHOOK. I hope not, sir.

Mr. HALE. But the tree situation is very disturbing to me. I was particularly interested in that phase of the President's message yesterday because a large reforestation program in this country would seem to me to make an awful lot of sense.

Mr. SHOOK. It would to us, sir.

Mr. FRIEDEL. Would the gentleman yield on that point?

While visiting these mills in the South we noticed that each mill had their own nursery, and they were planting trees by far greater amount than they were cutting down. We noticed one place where they had around 6 million trees to plant. They got the schoolchildren and the farmers and everybody else to plant the seedlings. They transplant the trees and they are growing more than they are using. We also found out that in Canada it takes anywhere from 50 to 60 years for the trees to grow. They can grow them down there in 7 or 8 or 10 years. They grow much faster. The resources are here. The only thing we have got to find is some incentive to have the mills make newsprint rather than other products.

There are a lot of mills but they make cardboard and other kinds of papers. They won't make newsprint because they find they can make more money making the other products.

Mr. HALE. To be sure, but the other products are necessary, too.

Mr. FRIEDEL. We ought to find some incentive to have more newsprint made.

Mr. HALE. I question whether there is any incentive you can use except price incentive.

Mr. FRIEDEL. We could probably encourage it by giving them some sort of a tax relief to expand and put more mills in operation.

Mr. HALE. If you can get tax relief for newsprint manufacturers; it would be very gratifying to my State.

Mr. FRIEDEL. That may be just one solution.

Mr. HALE. I think that that is all.

Mr. SPRINGER. Mr. Chairman, I want to thank this committee for allowing me this opportunity to ask a few questions. I think the subcommittee is doing a great job from all I have been able to hear and they are to be complimented on what they have already done up to this time. I hope that you will pursue this question of how you are going to relieve this shortage.

Mr. Shook, how long have you been in your job?

Mr. SHOOK. Three months, sir.

Mr. SPRINGER. Your conclusion is now—I did not mean to interrupt you.

Mr. SHOOK. I was in the National Production Authority and in the War Production Board as well, sir.

Mr. SPRINGER. Your theory, I take it, of this shortage is that it is going to continue through 1956 and 1957, and possibly into 1958?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. With that situation before the subcommittee, the problem then is what to do now, is it not, in 1956?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. Is that right?

Mr. SHOOK. That is right.

Mr. SPRINGER. In 1955 there was more newsprint produced than they expected to produce on January 1, 1955; is that right?

Mr. SHOOK. That is right.

Mr. SPRINGER. There are 4 large companies which essentially produce approximately 80 percent of all of the domestic supply in this country?

Mr. SHOOK. That is right; yes, sir.

Mr. SPRINGER. On January 1, 1955, when they entered into contract with the several thousand newspapers in this country, they expected to deliver all of that contract; did they not?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. There was no cutback in the supply, was there?

Mr. SHOOK. There was no cutback in the supply in 1955. I think probably there a little explanation might be helpful on the historical method of using it.

Most of the contract tonnages is what is called demand tonnage, and no newsprint manufacturer that I know of requires a newspaper to take that newsprint if they do not need it at the end of the year. But to keep their plant operating and on a 24-hour schedule, 7 days a week, they go out and sell the excess tonnage that they will manufacture over what the reasonable requirements are.

I know one large mill, not a United States mill, was to notify their contract customers that their stated requirements would be delivered to them and they were going to cut their contract back for that next year at least to that stated requirement.

Now you find a position where a lot of the United States mills are oversold; yes, sir.

Mr. SPRINGER. Now, those 4 large companies, we will say they made a contract with the newspapers in Dayton, morning and afternoon, for 22,000 tons. They have not delivered 22,000 tons to those newspapers and those are not the only ones.

Can you give me any explanation of why they should not have complied with the contracts of the newspapers which they had signed?

Mr. SHOOK. The only explanation I can give you is that they added up in 1954, we understand—the newspaper publishers gave estimates on what their consumption would be in 1955 and generally speaking they thought that that would run at about the same level, a little less than 2 percent increase over 1954, and it increased to the point where they actually consumed 8 percent more than they did in 1954.

Mr. SPRINGER. You have not answered my question, Mr. Shook.

Mr. SHOOK. I am not an attorney.

Mr. SPRINGER. Why have they not delivered the 22,000 tons to the Dayton newspapers which they contracted to deliver when they knew that their production was more than sufficient to comply with the contracts of all of the newspapers with whom they had entered into a contract on January 1, 1955?

Mr. SCHENCK. It was 32,000.

Mr. SHOOK. The answer was that they took more contracts than they had capacity to fill and I am not an attorney so I can't tell you more about it.

Mr. SPRINGER. Now you are revealing the answer. You are saying that actually what they did was that they contracted to deliver something that they did not have or were not going to manufacture.

Mr. SHOOK. That they couldn't manufacture. That is true in some instances, and in the instance of 1 or 2 of the large companies in the United States, it was because of the power shortages, and because of drought. I know that is true in the Canadian mills to some extent, too.

Mr. SPRINGER. That is very true, and I know of 1 or 2 instances where that happened, Mr. Shook, but there was more newsprint made than they anticipated they would make. They have either done 1 of 2 things: They have either violated the law by contracting for more than they could possibly supply, or they are doing the other alternative—and I don't think there is any other solution: If you have it you may suggest it to me—they are failing to comply with the contract which they executed on January 1, 1955, and have had the supply during 1955.

Now, is there any other alternative between those two?

Mr. SHOOK. The alternative is that their contracts are on a long-term basis, and they may have been made back in 1950 or 1949, and they are making contracts for 10 years now. They are requirements contracts, and for 10,000 tons, but historically their customers haven't been taking up to that tonnage. So they have gone out and sold it and normally it is sold on spot markets, only for a year. But recently they have been taking long-term contracts in addition to what they expect to sell and they take more contracts than they can produce.

Mr. SPRINGER. Now, they have violated the law one way or the other.

Mr. SHOOK. I am not an attorney and I would prefer not to answer that question.

Mr. SPRINGER. Let it rest, and if there are any other alternatives, I am happy to listen to them. That is my conclusion from all of the evidence which I can find. They are doing 1 of the 2 things which you have suggested here.

Now I want to come to the spot delivery for just a moment. Do you know what the spot market price is?

Mr. SHOOK. I don't know for a fact, no. I have heard, and we have heard in the office that it has been selling from $170 to $200 per ton.

Mr. SPRINGER. In the Chicago market, as of 2 weeks ago, it was $208. What is the going market with these legitimate companies, so to speak?

Mr. SHOOK. Well, their price of newsprint delivered in New York now is about $130 a ton.

Mr. SPRINGER. $130 a ton?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. They are actually selling to these spot merchants, these four companies, are they not; selling to these spot—you do not know this for a fact?

Mr. SHOOK. I do not know that.

Mr. SPRINGER. I will put it in the record for a fact, that they are selling to these spot merchants at I do not know what figure, but I presume the same as approximately they are selling to the newspapers themselves of $130 a ton. These spot merchants at the same time are reselling it in what I call the gray market—you can call it anything you want to—for $208 a ton 2 weeks ago.

Now the rumor is, and that is not confirmed and therefore I am stating it as only a rumor, but it is soon to go to $220 a ton. Now you can see the impact of that upon 32,000 tons if they had to purchase that much, can you not?

Mr. SHOOK. Certainly.

Mr. SPRINGER. If they had to purchase only 1,000 tons their costs would be increased how much, Mr. Schenck, at 1,000 tons; it would be $80,000.

Mr. SHOOK. In other times the amount of spot tonnages that are available are relatively small in comparison to the overall tonnage.

Mr. SPRINGER. Actually in normal times the spot price is less than the newspaper publisher's price.

Mr. SHOOK. It might be.

Mr. SPRINGER. But they are taking advantage of this situation now to make approximately a 40 to 45 percent bonus on this, is that not true?

Mr. SHOOK. Yes, in the small amount of tonnage that is involved. We have no information really available on that basis, because I can only speak from experience of what happened during the War Production Board days, and other periods of short supply, and there wasn't too much of that tonnage available because of the fact that most of the companies, or most of the tonnage was under contract and the other tonnage from the newsprint manufacturers was being delivered to paper merchants who were not marking up generally speaking, their resale prices any more than historically.

Mr. SPRINGER. Let me ask you, has your Department conducted any investigation as to the price which these four companies are receiving from these spot price merchants who are getting $208 a ton?

Mr. SHOOK. No, sir.

Mr. SPRINGER. You don't have any facts with reference to that at all?

Mr. SHOOK. I don't know what they are getting for it; no, sir.

Mr. SPRINGER. It is true, is it not, that actually the spot price merchant is sending out letters, all of them, to newspapers all over the country, advertising that they will supply them in almost any amounts?

Mr. SHOOK. That is news to me.

Mr. SPRINGER. Would you read, then, pages 281 and 282—and you do not have to do it now—which I have inserted in the record in which in the general Midwest there are at least 7, 8 or 10 spot sale companies who are sending out these kind of letters. And there are also the same number in the East, which covers an area largely subscribed to by these gentlemen who are on the committee

from the East. There they do not quote prices, but they do say—I am going to quote this:

> Gentlemen, we are looking ahead for 1956, as newsprint is getting very scarce, and prices are going up. We suggest if you require additional tonnage for the year we want to offer our services to you in purchasing your requirements. We would like you to let us know ahead of time the sizes you use so that we can scout around the market to get you the newsprint at a low price instead of paying a very exhorbitant price on short notice when you need it. We promise you that at all times we will deliver to you the finest quality of newsprint in the proper size you may use, as we did in the past.
>
> Please advise us immediately if you are interested for immediate or future delivery and we will quote you our lowest price.
>
> P. S. Canadian or American. Immediate shipment, two carloads between January 2 and 10,
>
> And then they quote the sizes.
>
> Wire immediately if interested.

I talked to one newspaper publisher who had 7 of these letters, and yet he had himself less than 2 weeks ago gone to a gray market in Detroit and purchased a good many tons from these people at $208 when his own newsprint company was not supplying him with the paper which they had contracted to supply him.

Mr. SHOOK. Well, if there is any tonnage of any great degree in that instance, it is being probably distributed by brokers because I know that in the past that has happened and the newspring manufacturers have been allocating their newsprint to old customers. These are brokers, probably, who are taking advantage of the short supply to sell it at higher rates.

I would not guess that the mills are getting any more money than their regular price for that newsprint.

Mr. SPRINGER. Mr. Shook, the point I am making is this: They are delivering to these people who are selling in the gray market in violation of their own contracts.

I will name you one company so it will be for the record because I have the proof. There was one particular newspaper that I know of that received it from Abitibi. The spot merchant did not even take the company mark off the outside of it., the wrapping paper off, and sold it at that price.

Mr. SHOOK. Well, Abitibi Paper Co.——

Mr. SPRINGER. I am not saying that is the only one, but it is one that I happen to know because I had the evidence on that fact.

Now, I do not know, I am certainly not going to get into the province of the subcommittee, but I think here is one thing that certainly ought not to be allowed to continue. It is a situation where newsprint companies are selling to spot merchants who are selling in the black market or the gray market at 40 to 45 percent more than the going price of $130, and at the same time these same newsprint companies are not complying with their own contracts which they have already made with legitimate publishers.

Now, that is my point.

Mr. KLEIN. If the gentleman will yield I understand Mr. Shook's explanation of it is the fact that these companies, the ones that they have these long-term contracts with, have not taken up the full amount, and I do not see that it is any violation of law. It may be a contractual violation which the publisher that has the contract could certainly do something about. Evidently they do not want to do

anything about it. They have not in the past, and I have confirmed this myself when I was down there.

Many of the publishers that have these contracts, long-term contracts, have not taken all of the paper that they ordered and therefore this has grown up. And I assume this is a practice in the trade where they have been unable to sell it other places.

I am not condoning it but I am wondering what the committee could do about it or what the Department of Commerce could do about it.

Mr. SPRINGER. I make this point. I think he has the power to investigate. I am not saying he has the power to enforce any law that I say is being violated.

Mr. KLEIN. I think that he started to answer the question.

Mr. SHOOK. I was going to suggest that I think that you will find that the cutbacks in deliveries by the mills have been taken across the board, so that they could not be accused of discrimination, and that I couldn't answer your question on the dealers that are sending these letters out in Chicago because I haven't seen them.

But normally speaking, I think that you will find that the cutbacks are across the board and these people who are reselling this paper have just as much of a contractual right to their share of that paper as the publishers do that are in there. But they are taking advantage of the fact that they are cutting some old customers out probably, and selling newsprint at a higher price. That is the only answer.

There is another answer that I think you should consider. That is the fact that in a time of normal shortages like this a lot of marginal mills come into production and they have to sell that paper at higher than the going prices in order to produce newsprint. We have been told that some of those mills are selling it at $170 f. o. b. their plant. But if they don't get that, they won't produce newsprint, they will produce something else.

Mr. SPRINGER. May I say that I am not directing what I have to say to those people I can understand the economic situation there. I am talking about these 4 mills which produce 80 percent of the newsprint and contract with most of the publishers of this country. Those are the people I am talking about.

They have notified, the publishers that they do not intend to live up to their contractual obligations of 1955, and that the publishers do not need to expect what they have not received up to January 1, 1956, will be made up?

Mr. SHOOK. I am quite certain, although I don't know what four mills you have in mind, Mr. Springer, but I am sure that they will attempt to make up some of that delay in deliveries. But generally speaking every mill has made an announcement of a cutback in deliveries for 1956.

Mr. SPRINGER. Now I am quoting from page 290 of American Newspaper Publishers Association Newsprint Bulletin No. 76, of December 21, 1955, page 290:

> The Wright Co. sales agent for St. Lawrence Corp. advises customers December 15 that it expects a shortage in 1956 equal to that of 1955, and expects to cut back 13 percent in 1956 deliveries.

Mr. SHOOK. Yes, sir, that is true, generally speaking.

Mr. SPRINGER. Now, can you tell me why that should be true?

Mr. SHOOK. Again, it is back to the fact that they have apparently sold more paper than they can produce.

Mr. SPRINGER. All right, now, that is what I want to know. That is what they have done, and that is your analysis of it.

Mr. SHOOK. That is what I would expect; yes, sir.

Mr. SPRINGER. Not being a lawyer, you realize that any company who does that kind of thing, and it can be proved, is liable for damages; do you not?

Mr. SHOOK. I would prefer again not to voice an opinion on the possibility of newspaper publishers suing their suppliers.

Mr. SPRINGER. I think that is not likely.

Let me ask you this question, Mr. Shook: In your experience with these various Government agencies that you have served with, do you think there is any price fixing in this field?

Mr. SHOOK. No, I wouldn't say that there is.

Mr. SPRINGER. Would you say that there is not?

Mr. SHOOK. Again I don't feel that as a representative of the Department of Commerce or as an individual I should comment on that. I don't have any information to lead me to believe that there is.

Mr. SPRINGER. You are familiar with what the price of this has gone up and down over the past 10 years?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. It has been uniform; has it not?

Mr. SHOOK. That is right.

Mr. SPRINGER. In other words, any time these four companies either raise or lower the price, everybody else does the same thing?

Mr. SHOOK. Well, again, a lot of contracts with other companies than those four are tied in. I am talking about Canadian companies now. They are tied into the price that those four charge. There is a tie-in, either a percentage of the 3 or the 4, or there are any number, some of them only 2 of the 4. Any time a price increase is announced by one of those companies, the others are automatically entitled to it.

Mr. SPRINGER. What you mean to say, Mr. Shook, I think is that you relaize that there is uniform price fixing in the field, but you are not sure there is any violation of law.

Mr. SHOOK. Not where that price fixing is done.

Mr. SPRINGER. There was one question raised, and I don't know whether it was by you or Mr. Mueller, but I think I can ask you this question: Do you believe that based upon our future estimates that all of the figures you had were estimates that were accurate as to the projection ahead of the newsprint need in this country?

Mr. SHOOK. They are accurately based if all of the assumptions that we have used happen. If our gross national product in this country and our real expendable income is realized, it is reasonable to assume that those requirements for newsprint will be there at that time.

Mr. SPRINGER. You didn't expect in your estimates, in the Department of Commerce, the need would be anywhere near what it proved to be in 1955?

Mr. SHOOK. I am quite certain that they didn't. I wasn't there at the time, but I know, having been in the publishing field, that that increase was not generally expected.

Mr. SPRINGER. Now either you or Mr. Mueller used the words that the "American Newspaper Publishers Association maintains excellent statistics"; that is a quotation.

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. Have you used their figures or their estimates during the period from 1950 down to the present?

Mr. SHOOK. We have used part of their information in this, and we have credited them with that in every instance where we have used it, sir.

Mr. SPRINGER. Have you read the American Newspaper Publishers Association's estimate "newsprint now and in the next decade, analysis of supply and demand"?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. Are their estimates the same as yours?

Mr. SHOOK. They went up more rapidly in 1955 and they expected an average increase over the years. I think that their 1955 projection—I didn't compare this, but I believe it is low in comparison to what was actually consumed. I think there is something like 100,000 tons difference in 1955 over what they projected.

Mr. SPRINGER. What do you estimate it would be by 1960?

Mr. SHOOK. By 1960, I have that: 7.25 million tons.

Mr. SPRINGER. That is 7,250,000 tons?

Mr. SHOOK. Yes, sir.

Mr. SPRINGER. Do you know what their estimate is?

Mr. SHOOK. I think it is about 7 million.

Mr. SPRINGER. It is 8 million—I will take that back. So we do not misunderstand, you are taking United States for newspapers only?

Mr. SHOOK. That is for total consumption.

Mr. SPRINGER. Well, will you quote your figure again?

Mr. SHOOK. 7,250,000 tons. We have rounded it out at 7,300,000 in other areas, but it actually was 7,250,000 tons.

Mr. SPRINGER. I believe there is about 7,800,000 the way I analyze it.

I was reading from page 4, and they have 7 million there.

Mr. SHOOK. Ours is 7,250,000.

Mr. SPRINGER. That is a difference of 250,000 tons.

Mr. SHOOK. We said in the beginning we believed our estimates were conservative. I think that they are conservative. That 7,250,000 was based on the real disposable income. They have used other means of projection and perhaps there could be that much difference.

Mr. SPRINGER. Mr. Shook, do you believe that any enforcement powers similar to that which was used by Premier Dupré in Quebec would be helpful in getting delivery on newsprint contracts?

Mr. SHOOK. No, sir. I can't speak for anyone except us, but we feel that Government intervention in the supply of newsprint in our Government is not desirable, and I can only say it should not be undertaken by any other government. That is a personal opinion.

Mr. SPRINGER. In other words, it is your firm belief that it would not be helpful?

Mr. SHOOK. I don't think that it will be. I don't think it is necessary in this country.

Mr. SPRINGER. You may be right and I am not going to go into that. Let me read what he says and then I am through, Mr. Chairman:

Premier M. Dupré said November 23 that if Quebec newspaper print companies want newsprint price control they are going to get it, and implied that some kind

of newsprint distribution control might be needed because newsprint producers are invoking prospect of shortage. A day earlier, Dupre at a meeting of the legislative assembly, threatened to ask for price control unless the producers give special price consideration to Quebec newspapers according to the Canadian Press dispatches from Quebec of November 23.

Dupré further said that Quebec newsprint manufacturers must provide newsprint to the Quebec newspapers and at a price condition that takes into account their status as coowners of the forests. He added "those people, newsprint manufacturers, would like to lead clients to believe that there is a shortage of newsprint, so they can boost their price and insinuate that if production is not increased they will be unable to supply the industry."

The Premier said Quebec newspapers are to be served first before any outside newspapers. Quebec newspapers in the past have obtained special price conditions and it is known that some newspapers paid $117 a ton although no details of individual arrangements between newspapers and producers have been made public.

Mr. SHOOK. I know there has been a differential in price for Canadian publishers, but it was based on the difference in cost of shipment, I understand, in the past.

Mr. SPRINGER. I take it, then, that it is your position—and I am saying this in the presence of Mr. Mueller who has charge—that the Department does not intend to ask for any special legislation with reference to the newsprint situation during 1956, 1957, or until you figure this is going to be over in 1958?

Mr. SHOOK. Well, Mr. Mueller perhaps can answer that. From my own personal standpoint, I would say that we do not wish to ask for any special legislation, and certainly not at this time.

Mr. SPRINGER. I believe that is all, Mr. Chairman. And I thank you.

Mr. KLEIN. Of course, the committee appreciates you gentlemen coming up here and subjecting yourselves to this questioning and we hope that we may maintain in the future this same close cooperation that we have had in the past, particularly on this subject.

I just wanted to ask you one or two questions. I was very much impressed, as were the other members of the subcommittee, at the type of cooperation between labor and management in the manufacture of newsprint. I was amazed. We went through those plants and we found that they have a 24-hour a day, 7-day week basis—and I understand that they do not have up in Canada today, because of the objection of the unions. Are you familiar with that situation, sir?

Mr. SHOOK. I am from what happened in the Second World War. I don't think it has changed materially since that time.

To begin with, in certain provinces in Canada there are laws prohibiting the operation on Sunday.

Mr. KLEIN. But there is, is there not, some talk going on at the present time to change that situation up there, too?

Mr. SHOOK. There have been permissions given, and I don't know whether it is continuing to 1956, but for the last few months in 1955 the unions and certain manufacturers in Canada made arrangements to work at least two-thirds of a Sunday and one mill told me that they had agreed to pay labor as bonuses for that Sunday work all profits on the newsprint that was produced on that Sunday. They have been doing, I think, almost as much as they could possibly do to try to catch up with their demands that they have on the mills.

In the United States that is not a problem because they normally work 7 days a week. There, it is a question of speedup of machinery.

Mr. KLEIN. You said something, I think, in answer to one of the questions here about additional production. I would be interested in knowing how they could increase their production outside of new machines. I know that the three southern mills are each getting additional ones. You said something about different types of machines.

Mr. SHOOK. I said "speedup." We have a chart in here that shows that. It begins on page 18 of my book and it shows the complete breakdown of the companies, what percentage of tonnage we expect to get after 1955 and what composes that increase. You will notice that in almost every instance there is a tonnage increase due to speedups and other modernization. That is installing power equipment and so on.

Mr. KLEIN. What kind of speedup is that?

Mr. SHOOK. The machines were designed at speeds that have not been attained up to this time.

Mr. KLEIN. I recall they mentioned that.

Mr. SHOOK. They are gradually building up to that point and it is a question of getting the proper finish for the paper.

Mr. KLEIN. Is there any stimulus that you think could be given by the Government in any way to increase production in this field?

Mr. SHOOK. Well, we are hoping that the continued projection of requirements will give incentive to both producers and consumers, to expand production capacity. That is as far in that field, Mr. Chairman, as we are prepared to offer any recommendations at the moment.

The other recommendation is that we intensify our efforts, some in cooperation with others, in research in using wastepaper. There are perhaps areas in that field where a certain amount of tonnage would be involved. There should be some research conducted into the availability of the raw material, the wastepaper, and the areas where it is available.

We expect, if we had funds and we don't apparently have funds enough, to immediately expand the collection of statistical information. We believe that is advisable.

In the other field I think that we can give you continued reports on what our investigation or our preliminary investigation would be in the utilization of wastepaper. Newsprint is a commodity that is very important in our whole national economy. Certainly the Department of Commerce is not underestimating its importance in that field.

As far as expanding the facilities for the production of newsprint by Government aid at this time, other than what we have mentioned, we don't believe it would be desirable, certainly not for financing of mills.

Mr. KLEIN. I have had a representative of one of the large paper manufacturers come in to see me and I don't want to mention their name at the present time, but they do not manufacture newsprint at the present time, but they are willing to build a mill. As you know, I think those machines are about $15 million.

Mr. SHOOK. If they build a complete mill, it will cost roughly about that.

Mr. KLEIN. The mill will cost over $60 million.

Mr. SHOOK. A mill can cost anywhere from $32 million to $36 million, up to as high as $60 million.

Mr. KLEIN. So that this company is willing. Of course, they want some Government help. I think their problem was mainly a question of power, and I am pursuing that and I will probably be talking with you and possibly Mr. Mueller to see if we can do it.

But I would like to leave this point before you go: I do not blame the newsprint manufacturers for not expanding any more than they are doing, and in fact I think they are to be complimented on the fact they are expanding as much as they are. It is not too many years ago when you know many of these companies went broke. They expanded their production and then, either because of economic conditions or some other reason, the newspapers would not order as much paper and they are stuck. They have an oversupply.

I have found, and the committee has found, that there is enough timber and there is enough financing, and I do not think we have to be too concerned about production. I think we can get it and I think their problem is a problem of economics.

They may expand to such a point where there will not be so much advertising; there might be a falling off in business, and the department stores and the food markets will not advertise as much. Then, in turn, the newspapers will not take as much paper and these fellows are stuck with it.

I personally think that the situation can be controlled. I think it is possible for the newspapers to increase their advertising rates, and in that way maybe cut down on some of the advertising but they do not want to do that. They want to eat their cake and have it, and they want to complain that the price of newsprint is going up, but many of these newspapers own these plants that are raising these prices.

I must say to the big newspapers of this country that I cannot cry too much for them. I am more concerned about the small newspapers. Some of them may be forced out of business not because they do not want to pay the price, but because they cannot get it even if they pay the price. But I think if everybody gets together here, we can solve this situation.

With regard to the type of contracts that the gentleman from Illinois has mentioned, I was amazed to find that some of these contracts, these long-term contracts for newsprint do not even mention a price. They are simply based on what the price of other newsprint manufacturers get. In other words, they are all tied in and it is a very interesting thing and I think that some other committee than ours should go into that.

I think the Department of Justice at the present time is inquiring into whether there might not be a violation of the antitrust laws. They are a very interesting type of contract and I have never seen it in any other field.

Mr. SCHENCK. Would you yield at that point, Mr. Chairman? I have geen told that many newspapers are operating on a very close and thin margin and an increase of even $5 a ton on newsprint will probably require a number of newspapers to close or consolidate. It is not good for the public welfare and the national interest to have newspapers consolidate in a community under one management, ordinarily, because that creates a certain slant or a certain bent to the news in that particular area. That is regardless of which way it is slanted, it——

Mr. KLEIN. They color the news a little, you mean.

Mr. SCHENCK. From the standpoint of public reaction and public information, it is good to have competitive newspapers throughout the country. I think we ought to bear that in mind, also.

Mr. SHOOK. I think one of the healthy signs in the newspaper field in the last 10 years is the rapid growth and the fine type of newspapers that are being published by the smaller publishers of the country, and I must agree with the chairman that the concern in the areas that we mentioned, including the newspaper publishers themselves, is for a continued healthy operation; but with the expansion of the urban areas around many of our cities and the rapid expansion of some of the smaller cities, the rapid growth has been in those small newspapers. They do publish a good newspaper and they have good advertising linage in them, and I think that that is a healthy sign for the American press and everything should be done that can be done to try to protect that growth.

Mr. SCHENCK. I would like to thank the Chair for that statement.

Mr. KLEIN. You agree with me, however, that the newspapers can also control this? I know in New York City I have seen a small newspaper, the New York Post—and they might object to being called a small newspaper; but I mean in size, it is a tabloid size—and it is not unusual to see 20 or 30 pages of advertising for one store, Macy's or Gimbel's or Klein's. You can imagine with all of the stores we have, sometimes these papers come out, and they look like a telephone book.

But if the newspapers are so concerned about the fact that there may not be enough of a supply, they can cut it down and make a little less money. I am not going to cry any crocodile tears for them.

Mr. SHOOK. As far as New York is concerned, the increase in linage for the first 11 months of 1955, in New York as a whole—and that is not in New York City, but the State of New York—was 7.5 percent. But there is one newspaper operating in Nassau and Suffolk Counties that had an increase of 20 percent in linage.

Mr. BEAMER. Do you know whether the Department of Commerce or any Government agency is doing any experimental work in pilot plants in forestry products?

Mr. SHOOK. The paper industry is continuing that all of the time at a very accelerated speed. How much is being done in the field of newsprint I can't answer you, but the Forest Products Laboratory is constantly experimenting in that field.

There is a Paper Research Institute that is financed by the paper industry, a part of which is the newsprint industry in the United States. They are doing work in that field.

We are doing some little work, I understand, at the Bureau of Standards. There is room, I believe, from what we have discussed in the Department of Commerce, for improvement in the field of research. We expect to investigate that and to give you a fuller report on it as soon as we have enough time. Certainly sometime within the next 6 weeks or 2 months.

Mr. KLEIN. Before we close, Mr. Stevenson, I would appreciate if you would keep in touch with Mr. Shook on the results of those tests up at Syracuse. That should be very interesting to us.

Thank you very much, and we appreciate your appearing.

We have one more witness here, Mr. Theodore A. Serrill, president of the Newspaper Managers Association.

60856—56——12

STATEMENT OF THEODORE A. SERRILL, PRESIDENT, NEWSPAPER MANAGERS ASSOCIATION, HARRISBURG, PA.

Mr. KLEIN. I am sorry that we kept you waiting.

Mr. SERRILL. It was a very interesting meeting, Mr. Klein.

Mr. KLEIN. Can you add anything now, Mr. Serrill, to what has already been said with regard to this? I do not want to limit you, and certainly we will be interested in anything you say.

Mr. SERRILL. I happen to be this year's president of the Newspaper Managers Association, which is an organization of State and regional association men in the same capacity as I am, as general manager of the Pennsylvania Association.

It seems to us that we will have the same opportunity to serve our members, which are the papers of all sizes in this country, where shortages develop. Some shortages are developing within individual newspaper markets of the country.

Now we can help a newspaper that needs a carload or a roll of newsprint by knowing, through our associations with these newspapers, where there is a little surplus. In fact, I had a telephone call this week from one of my good publisher friends who happens to be in a distress area in Pennsylvania, and unfortunately we do have those kind of areas, and he said: "I have a carload of newsprint for somebody who needs it badly." And so we will do the same thing, sir, of trying to ferret out where there is a little newsprint and help those who have no newsprint so that there will be no suspension of publication among the smaller newspapers of this country.

Mr. KLEIN. If that fellow comes in to see me again from this labor newspaper, I can send him to you; is that right?

Mr. SERRILL. Under certain circumstances. I don't think we have the facilities to encourage one to start a new publication. That is one thing that concerns me.

It would be very difficult today to start a new publication, or a new newspaper publication in this country. We have had a couple start in Pennsylvania and those are the ones that are going to be hurt badly during a newsprint shortage.

Mr. KLEIN. That is because they have no historical background?

Mr. SERRILL. They have no historical background and they have no contracts.

Mr. KLEIN. May I ask you before you proceed further: I have noticed in the newspapers, the Newspaper Managers Association. Who are the members of that? What is the manager of a newspaper? Is he the managing editor?

Mr. SERRILL. No. A newspaper publisher's association is a voluntary trade association of the newspapers in a given area.

For example, our association represents 350 newspapers, ranging all of the way from a few hundred circulation to a few hundred thousand circulation. We represent the industry as a board of trade, a chamber of commerce, and we exchange views and so on.

Mr. KLEIN. I thought it was only made up of newspaper managers, and I wondered what that term meant.

Mr. SERRILL. No. I am a manager of a newspaper trade association and there are some forty-odd trade associations other than the American Newspaper Publishers Association which is national.

Mr. KLEIN. These are managers of newspaper trade groups throughout the country?

Mr. SERRILL. That is right; and during World War II and subsequent thereto, many of the association managers in their own associations were able to assist newspapers that got into trouble, and I just came down here today to assure you that that type of organization in this country will function and is functioning today in helping the smaller newspapers get newsprint.

Mr. KLEIN. That is very encouraging.

Are there any questions?

Mr. FRIEDEL. I gathered from his statement, or the answer he gave you, that there is no availabe newsprint.

Mr. SERRILL. There is one other observation that I would like to make, Mr. Chairman, before you conclude your meeting today. That is, that I would like very much to state that there is a lot of information and statistical information available from these State and regional associations, which if correlated, and which if continued or if produced on a continuing basis, would give more light on the newsprint and the newspaper industry for the Department of Commerce if there were facilities and money available to correlate them as there is, for example, in the Bureau of Labor Statistics of the Department of Labor.

I don't think that we have had over the years an adequate amount of knowledge regarding advertising trends, the increase in gross production in this country, the increase in consumer goods consumption and things of that nature which would lead the newsprint manufacturers to expand as rapidly as they need to meet these continuing shortages.

Mr. KLEIN. Mr. Shook mentioned a few minutes ago that they were suffering from the same condition that most of the other Government departments are, and that is that they are not getting enough money.

Mr. SERRILL. I noticed that in his presentation to you, sir.

Mr. KLEIN. Mr. Chairman, would you like to ask any questions?

Chairman PRIEST. I was just thinking, as the discussion went along and the gentleman stated about being notified by one publisher that he had a carload of paper that could be made available to someone else, I was thinking of a period in 1930 when I was managing editor of the Nashville Tennessean and I was publishing both morning and evening and Sunday, and we had a very trying experience for a few minutes on newsprint. I remember pacing the floor of my office and looking out a window in the alley many nights to see if the truck had arrived from Memphis where we were borrowing paper from the Commercial Appeal. It is an experience that anybody charged with the publication of a paper and trying to meet deadlines to get the paper out on the trains and so on and buses to the distant areas, as well as get a city edition out, finds is quite frustrating at times.

I hope there will be, through your Managers Association, opportunities to assure publishers large or small that you can meet an emergency situation.

I understand that you say that you think you can meet those situations.

Mr. SERRILL. We have already met those situations in Pennsylvania and elsewhere, where the publisher has come and sought help. In many instances, the mills themselves have done a very capable job of shifting tonnage from one plant to another among the smaller papers,

where they knew that there was a carload available or a truckload or a few rolls available.

Chairman PRIEST. Well, during most of next year, if not all of next year, the work of your association, it strikes me, will be tremendously important in taking care of this. That is your association and some of the other associations that serve other parts of the country, and I understood you to say that there were some.

Mr. SERRILL. You have one in Tennessee, sir.

Chairman PRIEST. Yes; and I think it will be extremely important in meeting emergencies that might come, and I think that there may come some from my overall view of the total situation. There are likely to develop emergencies here and there. I hope those may be taken care of and I want to wish you the very best in taking care of them. I know what it is to watch for a truck to pull in when you have sent all of the copy down and all of the mats down and the mats have been rolled and the plates put on the press, and you are just waiting to start rolling. A situation of that sort is pretty bad. I hope that many of them will not develop.

Mr. Chairman, I do not have any questions.

Mr. SPRINGER. Would you yield for a moment on that? I sat in the office of a newspaper publisher less than 3 weeks ago who was faced with the situation that the chairman indicated there. The newspaper, a good many thousands of circulation was involved. If they had not gone into the "gray" market I mentioned a minute ago—and you heard the testimony here—there were 2 days on which they would not have published.

Now, I think the situation is far more serious than you have been given to understand. I had no idea it was this critical until, from this man's office I went to call upon some others and I found they were faced with exactly the same situation. Then when I got into it I found without mentioning names, in the Middle West, four good-sized newspapers who happened to be friends of mine, who had all been in this "gray" market buying for only 1 reason, and 1 reason only: That is the people with whom they had a contract were not complying with their contract.

Now, it is more than a situation which they can handle, not after what I have seen. There is no publishers association, and there is nobody who can do that except those newsprint companies themselves.

The acute shortage is far more widespread, and this is not occasional in one newspaper here and there. It is in all of the newspapers except the big ones. The ones in the big cities, bigger than 250,000 most of them as Mr. Schenck has mentioned—I was with one publisher last night and he was producing his own supply and he laughed at the problem.

I happen to know that this thing is universal. I am talking about 95 percent of the newspapers, and it is not one here and there. The situation Mr. Priest has pointed out accurately to you, and the one I am pointing out to you, is generally widespread.

Mr. SERRILL. Mr. Springer, there are papers in Pennsylvania who are buying open market newsprint.

Mr. SPRINGER. They are paying far more than $130.

Mr. SERRILL. That is right.

Mr. SPRINGER. They are paying nearer my price of $208.

Mr. SERRILL. Nothing that an association can do will produce any more newsprint in this shortage. The only thing that an association can do is to help find a little bit of newsprint to help prevent an interruption of publication.

Mr. SPRINGER. I want to compliment you on your efforts.

Mr. KLEIN. Can the newspapers not do something about it?

Mr. SERRILL. A newspaper can't do anything about it, sir, unless the newspaper can find a source of newsprint. There isn't enough black market or gray market or spot newsprint available in this country today to supply the shortage.

Mr. KLEIN. I agree with you, but if there is an emergency and there is a shortage of newsprint, do you not think the newspaper itself can then cut down on some of the advertising, instead of cutting down on the editorial comment or the news?

Mr. SERRILL. They can do so, sir.

Mr. SPRINGER. I may say to the chairman that I talked with a manager and that is the way he survived. His cutback will show in his profits most severely in this Christmas season.

Mr. KLEIN. I think each segment of this industry has a responsibility, and so have the newspapers. If they cannot get it, and if there is a shortage, I do not think that the small man ought to be cut out. Let the newspapers cut down on their advertising or let them increase their advertising rates, which would probably have that effect.

Mr. SPRINGER. Mr. Klein, I will say to you that the only thing I can find these newspapers are asking, just one thing only, is compliance with the contract they made. That is all they want. They are not asking for 1 inch more or 1 inch less.

Mr. KLEIN. As I pointed out to the gentleman, I have read of instances where the newspapers themselves did not take up as much as they contracted for, and that is why there is some on the market.

Mr. SERRILL. One thing that concerns me, Mr. Klein, is that if newspapers don't get enough newsprint to produce the advertising they are called upon to produce, the retail sales in this country might not be as high as they should be and employment may not be as high.

Mr. KLEIN. I am not advocating the cutting out of advertising, and I don't want to see that impression go out. I do not want that impression to go out. However, I do say, in the case of an emergency, could not the newspapers control it by not publishing as much advertising?

Mr. SERRILL. Yes, that is true.

Mr. KLEIN. The hearing is adjourned.

(Whereupon, at 12:50 p. m., January 10, 1955, the hearing was adjourned.)

NEWSPRINT STUDY

WEDNESDAY, JANUARY 25, 1956

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE OF THE COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to notice, in room 1435 of the House Office Building, Hon. Arthur G. Klein (chairman of the subcommittee) presiding.

Mr. KLEIN. The subcommittee will come to order.

The first witness this morning is Mr. Cranston Williams, general manager of the American Newspaper Publishers Association. Mr. Williams, you are not exactly a stranger to this committee. We are happy that you are here, and would be very much interested in your views on this apparent shortage of newsprint and what suggestions your organization has to make with regard to helping the situation. You may proceed.

STATEMENT OF CRANSTON WILLIAMS, GENERAL MANAGER OF THE AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION, NEW YORK, N. Y.

Mr. WILLIAMS. Mr. Chairman, I didn't come with a prepared statement because, rather than have a prepared statement of 30 minutes, much of which would duplicate what maybe you already know or what is already in the record, I thought I might conserve your time if I attempted to answer your questions.

Now, for the immediate situation, a report of what has happened at the end of the year 1955, we consumed in the United States 6,638,000 tons of newsprint, which of course is considerably beyond the amount that anyone thought at the beginning of the year would be consumed.

Mr. KLEIN. What was that amount again, please?

Mr. WILLIAMS. I have this bulletin, and it is at the bottom of the first column. It is 6,638,000, in round figures.

You will notice that it shows for the year 1954, we consumed 6,162,000; in 1953, 6,142,000; in 1952, 5,900,000.

Now, in my view, in 1955 consumption would have been larger than 6,638,000 tons if the newsprint had been available. In other words, we consumed all there was, and more by cutting into the stocks of the publishers. Generally speaking, stocks of the publishers are not in good shape. That is particularly true in the winter months. That is, mindful of the transportation problems. In other words, no newsprint comes out of Canada by water during the months that the St. Lawrence is closed to navigation. Therefore, it is an all-rail movement

and the boxcar situation has limited that. In fact in December there was 1 mill in Quebec that had 5,000 tons of newsprint made and in the warehouse but couldn't get sufficient boxcars.

So that figure of 1955 shows what we did consume and is possibly not as much as we would have consumed, although it is larger than any forecaster ever saw.

I should say that at the beginning of 1955, those whose judgment we respect did not anticipate that we were going to consume more than 2 percent over 1954, which would have been around 150,000 tons generally.

Now, as for the future we made a study in 1951 which is called Newsprint Now and in the Next Decade. That was our projection of analysis of supply and demand for the present decade, beginning with 1950 through 1960. We are now working on a study which we hope to have available within the next 60 days, which will show that what happened in the first 5 years of this decade, and what we estimate will happen in the next 5 years; that is, from now through 1960.

Generally speaking, in 1951, we stated that it was our belief that we would have a demand upon the North American manufacturers and when we refer to that we are really only talking about the United States and Canada, because no newsprint is made in Mexico.

We said that we would need 8,700,000 tons by 1906, which would be made up of the needs of 7 million tons for newspaper publishers in the United States, 450,000 tons for publishing in Canada, with 500,000 tons for other uses in the United States and Canada, and approximately 750,000 tons for overseas export.

An additional newsprint supply above the figure of 2,400,000 tons was forecast.

Now, what has happened in this forecast is that although we said we would want 700,000 tons in 1960, we have now used 6,600,000 tons in 1955, which shows that if anything our forecasts were very conservative.

Now, I have here a memorandum which was typed, which gives the prospective additions to North American capacity through 1958. That is all the proposed expansion about which there has been public announcement. This shows that the total capacity in the United States in 1954 was 1,280,000 tons, and the total capacity in 1955 we now estimate is 1,409,000 tons. Therefore, there was an additional capacity in 1955 over 1954 of 129,000 tons.

Then we list the further capacity through 1958, which includes expansion by Coosa River, Great Northern; International with a new mill in Alabama; and Southland in Texas with a third machine, and Bowaters in Tennessee with a third machine; and St. Croix in Maine with a new machine which will replace an old machine. In other words, it will be a faster machine.

That adds up that by 1958 we expect to have 760,000 tons additional capacity. Then we list Canada which had, in 1954, 5,900,000 tons capacity, and in 1955 their capacity was 6,064,000 tons. That is an increase of 144,000 tons.

Then, we add to that the expected increase and source of this is the Canadian Newsprint Association itself. The improvements that they make by speeding up machines through 1958 are involved, and then we cite the Canada Co., and Elks Falls which is out in British Columbia, and Great Lakes with a third machine by July of 1957,

and MacMillan & Bloedel at Port Alberni Mill in British Columbia which is an entirely new mill. After they started their new mill they announced an additional second machine which will be in by 1958.

The Ontario-Minnesota have an additional machine by the end of 1956, and Powell River with a ninth machine late in 1956.

That adds up for a total by 1958 of 949,000 tons. That means a total additional North American capacity of 1,709,000 tons by the end of 1958.

(The estimate referred to above is as follows:)

Prospective additions to North American capacity through 1958

UNITED STATES MILLS

Total capacity:	
1954	1,280,000
1955	1,409,000
Additional capacity, 1955 over 1954	120,000
Further capacity through 1958:	
Coosa River:	
Expected during 1955	2,000
Expected by 1957	20,000
3d machine by 1st quarter 1958	110,000
Great Northern:	
2d machine started Aug. 10, 1955	75,000
Additional production by end of 1955 (7-day week)	75,000
International Paper: New Alabama mill expected end of 1956	100,000
Southland: 3d machine by late 1956	77,000
Bowaters Southern: Improvements and addition of 3d machine by September 1956; additional 1957 production expected to be	135,000
St. Croix: New machine to replace 1 of 3 existing machines, additional production scheduled for January 1958	37,000
Total additional United States capacity by 1958	760,000

CANADIAN MILLS

Total capacity:	
1954	5,919,917
1955	6,064,489
Additional capacity 1955 over 1954	144,572
Expected increase through machine improvements:	
1956	110,000
1957	100,000
1958	75,000
Canada Paper Co.: Additional 1956 tonnage started production May 1955	20,000
Elk Falls: New machine, production to start July 1957	30,000
Great Lakes: 3d machine by July 1957	90,000
MacMillan & Bloedel:	
New Port Alberni Mill, 1st quarter 1957	100,000
2d machine 1958	100,000
Ontario-Minnesota: Additional machine end of 1956	90,000
Powell River: 9th machine late 1956	90,000
Total additional Canadian capacity by 1958	949,572
Total additional North American capacity	1,709,572

Mr. WILLIAMS. You must remember that much of this production that will come in in 1958 can't be added as totally available in 1958, because these machines will be coming in later in the year. They will be producing some, but the year 1959 would be the first year that you would get the full production of some of this expansion.

Now, as we view it, we have assembled enough information in connection with this study that we are making now, when 1958 is ended, if all of our expectations and estimates including the overseas demand keep up as they are now going, we will then need from half a million to another 1 million tons capacity by 1960. In other words, our answer to the statement of those who say that if you will just ease your pain and sit tight until the end of 1958, all your troubles will be over; in that we do not agree.

We believe that there must be additional capacity to take care of what we believe will be a reasonable expectation in 1960. Some of our friends in Canada, for instance the Royal Commission—and I think that information is available—are talking in terms of 1980, which is a natural thing for Canada and her overall economic outlook. We, ourselves, have felt that we had done a fairly good job of estimating for 10 years and we are going to look at it through 1960, but we at this time are not going to get into what may happen beyond 1960. That is our answer to why you haven't got something to match these figures.

We feel there are several projects that are a matter of public information. For instance, Union Bag is considering a mill in the South. As you know, they are now big kraft and lineboard producers.

Hudson Paper is well known to the man in the street for their napkins and towels. They are discussing a newsprint mill in Florida.

There is a concern in Pennsylvania that has announced that they are working on one.

We are now in touch with at least eight different projects which are in some stage. Our position on that is that anyone can come to us and on a confidential basis say that they want some information about future demand. They will say "we are making a survey on what a new mill will cost, and where a site is, and will you tell what the expected demand is?"

We tell them we will give you all we have got, and we will answer all of your questions, but we will make no public announcement about you to identify you until you, yourself, say something or say we can say it. Of course, the reason is obvious. Many of these projects have to depend first on financing, whether they decide to get money from the insurance companies or other forms of investment. Secondly, if the site is identified, land has a peculiar way of becoming very valuable if you know somebody is figuring on buying it. So our reasons overall are that if a person is interested in building a mill, we in the ANPA do not want to be responsible for divulging anything that they can hang around our necks as responsibility for premature disclosure.

It is interesting that these eight projects exist both in Canada and the United States, and in various stage. I don't want to lead you to believe that I think all eight of them are going to come to pass, but to me it is interesting because they involve several different mills that are now in types of paper not newsprint. Some are entirely new prospective investors, so as time goes along we hope there will be something more mature.

We recently had occasion to be in touch with a group who said that they could get a paper mill not now making newsprint to take possession of it and within 8 weeks start to producing some newsprint.

They are busy now so see if they can get enough tonnage to justify that investment.

As you know, that mill located in a certain particular area is more interested in getting the customers that will give them the highest mill net freight delivered. In other words, if the mill happened to be in the Atlantic seaboard, under normal situations a publisher in the Far West or the Pacific coast wouldn't be a logical customer for that mill. They say they do not have as much as they would like to have, but we are hoping that will change.

Mr. KLEIN. Will you pause there for a moment? Is it your opinion, Mr. Williams, that if some of these newsprint mills would start producing newsprint, that there is a sufficient demand?

Mr. WILLIAMS. There is an immediate demand. I am speaking roughly because there is no way to prove these things by addition. I would say that if there were immediately available just as it came into use, whether from Mars or somewhere else, if there immediately came into use a minimum of 150,000 tons of newsprint it would be bought immediately. But it wouldn't be bought primarily for immediate consumption. The stocks on hand are in such bad shape that the publisher would want to buy this newsprint to increase his stocks on hand just like you would replenish your savings account or anything else.

Therefore, there is an immediate demand, as I see it, for 150,000 tons. Much of this projected tonnage that I have given you in this sheet, some of which will come in at the end of this year, will tend to ease the pain.

Now, it is our belief that the year 1956 is going to be a good year. I will not argue with the President's Economic Report or the economists as to whether we have to first find the first 6 months and what is going to happen, but from where we see it the year 1956 is going to be good. We know that the overall economy is related to the demand for newsprint. That is one of the things that I think has brought about this big increase in consumption since 1955. In other words, 1955 apparently was a better year than the soothsayers figured on early last year.

Therefore, we are expecting a good year, and by that I believe that we are going to consume as much newsprint in 1956 as we did in 1955. We are going to consume some additional if we can get it. And we are going to want more than that to replenish the stocks.

Newsprint is now being brought in from Austria and West Germany. I am speaking now of overseas. Finland is a normal supplier to us. Finland paid her war debt to us in the first year because of the newsprint they sold to this country and they took those dollars and paid their war debt.

Sweden is a very small importer to us right now. They are not interested in greatly expanding because Sweden's growth in the immediate area around Sweden is involved there.

The tonnage that is coming in at high spot prices from Austria and West Germany is coming in only because of the price being paid, and it is not a normal supply.

Great Britain is supposed to go off rationing at the end of March. My information is that something may happen before the end of March which continues rationing. As you doubtless know, Britain's

problem is that they have only Canada to go to to get additional newsprint, and there are no other generally producing places to go. But after Great Britain, the United Kingdom, decides they want additional newsprint, they must then get the hard money from the British Government. Therefore, as we see it, needs in Great Britain are going to be limited by the amount of dollars that are made available by the Government to pay for it.

But we do know that everything points to a basic growth there, and improvement, and continued expansion in the use of newsprint if they can get it.

Now, one of the most recent factors that has come into the picture of a demand in North America is the Argentine. La Prensa, for instance—and I had a cablegram yesterday that indicated La Prensa if going to resume publication tomorrow—I understand they have gotten enough newsprint to resume publication but so long as the picture stays the same in the Argentine with respect to the free press you are going to see a great demand for newsprint from the Argentine that didn't exist prior to the recent change in government.

Mr. KLEIN. And if you will pause for a second: As I recall, we were down in South America and there is no newsprint available down there other than the limited amount that is made from bagasse; is that not so?

Mr. WILLIAMS. That is right. In Peru, there is a bagasse mill, I think, owned or controlled by the W. R. Grace Co. and they tell us that they only make bagasse newsprint there when it gets so desperate that they do it to help the publishers. But as a normal operating production problem they are not interested in permanent production. Therefore, all of the newsprint consumed in South America and Central America today is imported by them. It must come from either North America, the United States or Canada, or from overseas and largely Finland.

Mr. KLEIN. Can you tell me, Mr. Williams, where La Prensa was getting their newsprint from while they were publishing before Peron?

Mr. WILLIAMS. Before Peron, and when La Prensa was a free newspaper, they had contracts with Canadian mills just like the United States publishers. Their account was just as good as any United States publisher. Sometimes publishers in foreign countries, and I have great sympathy for them, would not, at the time when the United States publishers were making long-term contracts, 5, 10, or 15-year contracts—make a contract for longer than 1 year.

Well, it followed naturally that as the situation got tight, they were at the end of the line regardless of having the money available.

Mr. KLEIN. It is reasonable to assume, then, is it not, Mr. Williams, that if they continue to have a free governement in Argentina, that the demands will be that much more on our source of supply because the will be using more paper?

Mr. WILLIAMS. That is right. That is the factor that I say involves this increasing demand on North America.

Mr. KLEIN. And then again if you are wrong about the fact that British rationing may not end at the end of March, that, too, will create additional problems. It is reasonable, also, that they will get them from Canada, which is somewhat allied with Great Britain.

Mr. WILLIAMS. The problem, of course, in Great Britain as you

doubtless know, is that newsprint now is the only item in Britain that is rationed. Sugar and meat and all of the other things are not.

Now, the rationing of newsprint in Great Britain, as I understand it, is not the will of the Government. There is a considerable amount of newsprint made in England, but there is not a tremendous cut in Great Britain to make newsprint. They must import all of their pulp or wood. Therefore, they are dependent on imports to either process it in Great Britain or to buy the finished product from Canada.

Mr. KLEIN. It is also reasonable, is it not, to assume that Bowaters, for instance—Sir Eric Bowaters is a British subject; is he not?

Mr. WILLIAMS. He is.

Mr. KLEIN. That he will use as much as he possibly can of the newsprint that they manufacture in this country for Great Britain, when the rationing ends.

Mr. WILLIAMS. My belief is that Bowaters is going to sell all of the newsprint they can in the United States and they are making contracts, but I think as they go along the thing that strengthens Bowaters in my mind as a world operator is that if they can't sell for a period all of the newsprint they produce at their new mill in Tennessee, in my opinion they are in a better position to ship newsprint somewhere else because they operate in the world.

Frankly, when these people come to us to talk to me and our people about a new project, and particularly in the South—you will have to excuse me for a moment because I am a Georgian and I still have some interest in the section where I came from. I was secretary of the committee that brought about the building of the mill in Lufkin, Tex. That is when I was with the Southern Newspaper Publishers Association. So I tell these producers if you want to go South and build a mill, and we can't get you enough tonnage to assure you you are going to run full from the day you operate, if you will so locate your mill that you can export to Mexico and Central and South America, we think you have a very growing and great potential market.

Mr. KLEIN. I am interested in your statement——

Mr. WILLIAMS. Mr. Neubrech has handed me a note that a newsprint mill, Chabin, is in the State of Parana, Brazil.

Mr. NEUBRECH (W. LeRoy Neubrech, Forest Products Division, United States Department of Commerce). It has been there about 10 or 12 years.

Mr. WILLIAMS. What is its capacity?

Mr. NEUBRECH. I don't know. It is about 30,000 tons a year.

Mr. BEAMER. May I interrupt at this moment? You have stressed the production in this country. I wondered whether or not the consumption is going to keep pace or keep ahead of the production? Do you anticipate that will happen?

Mr. WILLIAMS. As I stated, we feel that is no more production comes into being by the end of 1958 than has now been announced, our increases in consumption in the United States plus the world demand is going to place a burden by 1960 of needing from half a million to 1 million more tons.

Mr. BEAMER. In excess of the supply?

Mr. WILLIAMS. When we say in excess, it is to take care of needs. It is not standby.

Mr. BEAMER. I mean in excess of what you are using now.

Mr. WILLIAMS. Well, our projection, as you pointed out is this: We projected in 1951 that by 1960 we wanted 7 million tons for the United States newspapers, with 500,000 tons for all other uses, which was 7½ million tons.

Now, at the end of 1955 we had used 6,600,000 which is 900,000 tons short of what we say we will need in 1960. When somebody asks me "What do you say is going to be the 1956 consumption?" we say it is going to be all we can get, and we are warning publishers that instead of using all they can get, they should build their stocks back up that are in desperate shape in some instances. We have instances where newsprint is actually unloaded from a freight car to be carried to the pressroom to get out the paper that day.

Mr. BEAMER. It is that close?

Mr. WILLIAMS. Yes. Therefore, you are not in any comfortable position as a publisher if you keep on using as fast as you get it. We are urging that they cut down on use, and conserve, in the various plants so they can get their stocks in better shape.

Mr. BEAMER. Is there any indication that a higher price would stimulate the United States and North American and Canadian manufacturers of newsprint to increase their supply?

Mr. WILLIAMS. In my opinion it is not, and I base it on this fact: Generally speaking, the present price is giving good returns, according to the financial statements of the producers; they are not in any pain on the basis of the present price.

Now, I take the position that we cannot expect and, we should not be expected through price, to take care of all the capital investment for expansion. We are told and the Canadian producers tell us very frankly that they are not attracted at the present price of newsprint to bring about any great expansion. They are continuing to expand.

And we say very frankly an existing producer can expand at a lower cost than an entirely new producer.

As an example, as I understand it the International Paper Co.—and when I make these statements they are based on information that I believe to be true, but I have no firsthand knowledge—at their new mill in Mobile, Ala., is building their mill with their own staff and their own engineers and all. They not only have that experience and that background, but if they were entirely new producers in the business they would have a different problem of management, staff, and assembling the people to operate it.

Mr. KLEIN. If the gentleman will yield, the Bowaters plant down in Tennessee, I think the figures that they gave us was that it cost them $65 million to set that plant up, and they have two newsprint machines and they are putting in another one now.

That will give you an idea, and that was about 5 years ago.

Mr. WILLIAMS. When they started, $60 million was their top figure. In other words, the additional $5 million cost came along from increase in a variety of things.

Mr. BEAMER. Mr. Chairman, the plant we visited in New Zealand, the Tasmania plant, I think they have an investment of $18 million already and it started in operation recently. That is not going to be exclusively for newsprint, but principally for newsprint, so they say. It is an expensive operation.

Mr. KLEIN. It certainly is.

Mr. WILLIAMS. In Tasmania and Australia, naturally the cost of newsprint to them is much higher than to us because of the transportation charge. Therefore, when they make an investment to make some new production they have a higher cost which they are now paying, which they can work against. Do I make that point clear?

Mr. BEAMER. By the same token, is it not true that when they ship their suppliers they will probably take care of their Southeastern Asia area, and they will not have the transportation charges there that those same purchasers would have if they bought it from Canada or Finland or Scandinavia?

Mr. WILLIAMS. That is right. Of course, we feel in the American Newspaper Publishers Association, the war taught us the lesson in World War II, that every country in the world should do everything it can to produce as much newsprint as possible from the raw material it has within its area, because—and God forbid that we should have world war III—we try to convince them that the newsprint made within their own borders is something that they will have available whereas if something happens to disrupt shipping and all, they will be like they were in World War II.

Our Government, and it is no secret, had to provide newsprint almost on the same basis as ammunition and other things to some of these countries.

Now, it is a fact that the chemist says he can make paper out of any cellulose. You can make paper out of cotton, and you can make it out of bagasse, but it is my information that no raw material has yet come into being that will let you make newsprint on an economical competitive basis as with the newsprint made from wood.

You can make it from cornstalks, and we proved that years ago in the Middle West, but the trouble is that you couldn't get a stack of cornstalks high enough and big enough that would let a paper mill run 12 months in the year, because the cornstalks came in at a seasonal time, and they were subject also to deterioration.

It is a fact that you can make newsprint out of a lot of raw materials but as we see it there is nothing that has come into being that can compete, all things considered, with the tree.

Of course, as you know, hardwood is now being used for newsprint for the first time. That is the equivalent of discovering entirely new forests.

Mr. KLEIN. They do not use it exclusively, do they?

Mr. WILLIAMS. No, it is put in with the basic spruce, fir, hemlock and poplar, and as I understand it, you sweeten up or add to the hardwoods and depend on your mixture. It is just like some mills vary with the amount of sulfite they put in.

Mr. KLEIN. But it has gotten beyond the experimental phase?

Mr. WILLIAMS. Oh, yes.

Great Northern, which is now the largest American producer, at their mill in Maine is and has been using a considerable amount of hardwood and the interesting thing is that at some juncture, privately, without the pressroom knowing it in the newspaper plant, the pressroom when they would run editions could not tell the publisher which was the roll that had some hardwood in it and which was the old.

I think that is the answer to the fact that it is being used.

Mr. KLEIN. The southern mills are using it, too. They use some, and not too much, but more and more as time goes on. I would agree with you when you say that it is like finding new forests.

Mr. WILLIAMS. The point is that you are finding new forests generally in an area where it is closer than where you have cutback of softwoods. In other words, it is not only available but in many cases it is wood that in the past was said to be unusable. Now is it as close or closer than much of the softwood.

Mr. KLEIN. Are you finished with the statement you wanted to make?

Mr. WILLIAMS. Yes. I tried to do it roughly. I can give you, later, condensed, a lot of figures and estimates, but I tried to do it in round figures rather than to get into anything in detail.

Anything I can answer or supply you with later I would be glad to do so.

Within 60 days we hope to have for you this survey which will wrap up everything we have, and give our projection. Mr. Stevenson, I think, already has the Canadian data book which gives their estimate of the situation.

Mr. KLEIN. Can you give me some idea, Mr. Williams, as to how much newsprint was used by La Prensa when it was operating at full force? Do we have that handy?

Mr. STEVENSON. I can say in this Canadian book they show the average 1935–39 consumption in Argentina, of 160,000 tons.

Mr. KLEIN. It has not been in operation for a couple of years.

Mr. STEVENSON. That is the average of 1935–39, of 160,000 tons a year.

In 1956 it was much less than that.

Mr. BENNETT. Mr. Williams, how much of our total newsprint supply comes from Canada?

Mr. WILLIAMS. Eighty percent, in round figures. In other words, out of the 6,600,000 tons we used last year in the United States, 80 percent came from Canada.

Mr. BENNETT. Is there any indication that Canada is increasing its supply?

Mr. WILLIAMS. It is increasing its capacity, and in their book they give their projected increase. We say to the Canadians that we do not think that their increases are coming fast enough to take care of the picture as we see it by 1960. We know that some of the existing Canadian mills in the last few months have given more attention to expansion than they did prior to 1955.

I think this committee in the past has heard the Canadians say that over a period of time they expected not only to increase capacity, but that they were getting a lot of additional capacity speedup of the machines.

Well, speedup could very well mean the revamping and improvement of a machine to run faster which would produce more. It is our information—and I don't think it is disputed by the Canadians—that they have taken up about 85 percent of all of the possibilities of speedup. In other words, some other way of getting additional production will have to come outside of speedup, because that has been used up.

Mr. BENNETT. Their supplies of raw material are much greater than ours, are they not?

Mr. WILLIAMS. Well, the Canadian supply—and this is based on their forest people—the Canadian pulp and paper people tell us that at the rate of their increase in the use of wood, and at their projected increase, they get enough reforestation, and you are not cutting into your basic supply. The growth is fast enough to take care of that.

Of course, you must remember in Canada you have also an additional increase of other types of paper. That is pulp which is a part of this increase.

Mr. SCHENCK. Is it not true, Mr. Williams, that the Canadian growth of wood is much slower than the Southern growth of wood here?

Mr. WILLIAMS. Yes, sir. You can grow, and some of these pulp and paper experts may be sitting around here, but to serve my purpose, as a layman, you can grow in the South in 15 years a pine tree that makes the equivalent of newsprint it takes 60 years or 50 years in Northern United States and Canada.

Mr. KLEIN. As a matter of fact, I think some of those mills told us it only takes about 8 years.

Mr. WILLIAMS. It depends. I was speaking of the overall tree-growing of the farmer that doesn't give special attention to it. You can grow trees in the South, and I have seen them grow, and I have seen places there you can grow trees and they say it is a good investment to do it, with the careful attention you would give to growing oranges or something else. You can plant a forest of trees and give special attention to it and maybe fertilize and do other things and get a miraculous showing.

Mr. KLEIN. At Coosa River they showed us a golf course that they used to have there, which they have replanted now, and it is growing in trees.

Mr. BENNETT. Do our newspapers in this country own or contract direct for Canadian supplies to any substantial extent?

Mr. WILLIAMS. Oh, yes. I would say that of that 80 percent that we use in this country, substantially all of the 80 percent is bought under contract.

Mr. BENNETT. That is not what I meant. Is it not a fact that some of our big newspapers own their own Candian sources of supply?

Mr. WILLIAMS. I could briefly give you the high spots of that. There is no newspaper in the United States that has any financial connection with a mill where that mill supplies them all they need. In other words, every newspaper that owns either a mill or stock in a mill must buy additional newsprint from somewhere else.

The only two mills in Canada that are wholly owned by a newspaper is the Thorold-Ontario and Bare Comean that are owned entirely by the Chicago Tribune and the New York Daily News. Now, the combined output of those mills is not sufficient to supply those two papers.

It is my understanding that under the arrangement made by those newspapers when they built those mills in Canada they are not permitted to sell as a normal producer. In other words, the output of those mills must come to the Chicago Tribune and the New York Daily News.

Mr. BENNETT. Do those newspapers own the mills?

Mr. WILLIAMS. They own the mills 100 percent, and I think it is a subsidiary In the corporate structure just like they have any other corporate setup.

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Mr. KLEIN. How about the New York Times?

Mr. WILLIAMS. The New York Times owns not a majority, but a considerable amount of the stock in the Spruce Fall mills in Ontario. That mill supplies newsprint to newspapers other than the New York Times and they sell it and contract for it like any other producer.

Now, those are the major ones. The other mills in Canada have no direct stock ownership, except that a publisher may own some stock in X mill and buy it on the exchange. But there is no direct connection.

As a matter of fact the Kapuskasing mill was built, I think, with great vision, by Mr. Ochs of the New York Times looking toward his needs of supply, and apparently he felt he didn't want a mill which the Times would own and operate itself but wanted skilled management; so he put in capital along with other people who put in some capital, and built that mill.

Mr. BENNETT. There was a story in the press a month or so ago, quoting some member of the Canadian Parliament, who, as I recall it, was advocating very stringent sanctions, as far as the Canadian industry was concerned, if they did not do what he thought they ought to do.

Mr. WILLIAMS. I think that you are talking about Quebec, and Premier Duplessis. Out of the total amount of newsprint made in Canada, more than 50 percent is made in the Province of Quebec. That makes it more sensitive.

Mr. BENNETT. What was he advocating?

Mr. WILLIAMS. First, when this last newsprint price increase was announced, Premier Duplessis in effect said that he didn't care what they charged anybody else outside of Quebec, but he wanted no no price increase on the consumers in Quebec. That is my language to describe what I think was his position.

They went ahead and announced the price increase, as I understand it, and it applied to the customers in Quebec as well as elsewhere. That is when the Premier put in his bill and they legislate a little different than we do here. In other words, the Prime Minister, or the Premier controls the party.

Mr. BENNETT. Do they have a two-price system up there?

Mr. WILLIAMS. Canada does not have what we know as the zone price system. Canada, for many years, and the Canadian producers selling to the Canadian publisher, have sold on what could be a form of a zone, but it generally works out to be price at the mill with added freight. Of course, the consumer is much nearer to the mill than in the United States.

But the producers tell us, after all is said and done, that the price to the Canadian publisher works out generally the same as to the United States publisher under the zone basis, mindful of the fact that the Canadian publisher is closer to the producers in the mill.

Mr. BENNETT. The American producers buy for the same price except for the tariff?

Mr. WILLIAMS. It is free of duty, coming this way. There is no tariff.

Mr. SCHENCK. Will you yield there for just a moment? I thought that the point that Mr. Bennett was making, or the question he was asking was: Is the price for newsprint charged to Canadian publishers the same as they charge newsprint to the United States publishers?

Mr. WILLIAMS. It is. It is the same price. You can forget about this Quebec situation which I have discussed, and frankly there are some indications that mills may go along with the Premier; or some of them. But forget that for a moment.

To get that picture, the Canadian publisher pays, generally speaking, the same price as the United States publisher allowing for the fact that he pays less actually in dollars because his freight is a shorter haul.

Mr. BENNETT. To what extent do our newspapers own domestic mills and raw materials?

Mr. WILLIAMS. I think I can give a list of all of the mills in the United States and I can run down those very quickly and give you from my knowledge what that is. Of course, Bowaters is a United States operation, and so far as I know no publisher owns any stock. If they do it is stock that they have bought just like they would buy General Motors or anything else.

Coosa River, my understanding is that 51 percent-plus of the stock in the Coosa River mill is owned by publishers. In other words, the Coosa River mill was brought about in Alabama originally whereby a publisher bought stock in the mill related to the amount of tonnage that he could get. In other words, if he decided that he wanted 500 tons a year under his contract, then he bought the amount of stock under this formula that 500 tons would. If he wanted 1,000 tons a year, that is projected that way.

There is a considerable amount of other than newspaper publishers that own stock in this mill, but it is the only mill in the United States in my belief, except a mill in the State of Washington I will tell you about, and one in Oregon. It is the only mill with widely held stockholders, where 51 percent-plus is owned by the publishers.

Mr. KLEIN. Mr. Williams, at that point, I think it would make the picture a little clearer if you pointed out whether Kimberly-Clark which is operating that Coosa River plant, is largely owned by the New York Times.

Mr. WILLIAMS. Kimberly-Clark is not. If the New York Times own a share of stock in Kimberly-Clark, I would be surprised.

Kimberly-Clark is a corporation, which with the New York Times, owns the Spruce Fall mills in Canada.

Mr. KLEIN. I knew there was some connection between Kimberly-Clark and the Times.

Mr. WILLIAMS. That is it.

Now, Publishers Paper Co. in Oregon City, Oreg., is owned by the Los Angeles Times and the Mormon paper is the Desert News. I describe it that way because I think the Salt Lake Tribune and Telegram is also there. But the dominating ownership there is the Los Angeles Times.

The Southland Mill at Lufkin, Tex., has a considerable amount of publisher stock ownership and that mill was brought into being by the publishers buying stock. That was the first one.

The only way we got that mill was for the publishers to buy the stock. At no time have the publishers ever had 51 percent of the stock. It is owned largely by the publisher group, plus Mr. Kurth and his lumber interests which came into the project, possibly a pretty good block by Perkins Goodwin which are the selling agents of the mill.

Now, the West Tacoma Newsprint Co. in Washington is entirely owned by publishers. That is cooperative. It is a group of publishers on the Pacific Coast who got in desperate newsprint straits and bought an old mill at Steilacoom, Wash., and have improved it, and they are operating it as a permanent thing. It is not just a temporary setup but is part of their projected picture for their requirements. It is making some expansion.

Mr. KLEIN. How about up in Maine? Are there any owned by publishers?

Mr. WILLIAMS. The St. Croix has some stock ownership by newspapers, but it is basically generally a corporation. Great Northern is a generally large concern and as a matter of fact tax laws, as you know, have a good deal to do with what one corporation can invest in another, and I think you will find that under our tax laws it is generally held that a newspaper can make investments in a newsprint mill and not run into trouble about buying a lot of securities. The degree, I don't know.

The mill in Maine is owned by the Hearst interests, but that is not a regular newsprint producer. It makes specialty papers and only runs on a type of paper of newsprint now and then.

Mr. BENNETT. Of course, a newspaper that owns its own source of supply or its own mill is in a pretty good spot in case there is a further squeeze on this.

Mr. WILLIAMS. He is, of course, in the case of the Chicago Tribune where they own their own output, but the policy of Spruce Falls has been where the New York Times owns a considerable amount of the stock, that the New York Times shall share and stand on the same basis as all of the other customers.

In other words, Spruce Falls has been current in its deliveries, but should something happen, such as a strike, or fire that would reduce Spruce Falls production, it is my understanding that the New York Times position is that they will take the same amount of reduction or split up the available supply and would not preempt because of any stock relationship.

I personally think, Congressman, and here is as good a chance to give you what I think as any, I think the time is going to come, and it is nearer than we think, when the publisher has got to pay more attention to his capital investment in newsprint production. That is because I am not satisfied that he can sit back and depend on somebody else to produce the newsprint that he must have to publish.

There are a lot of things you don't have to have to publish a newspaper, but nobody has figured out a way to publish one without newsprint. I liken that to United States Steel. As you know, they own some coal mines, but if my history is correct they didn't buy any coal mines because they loved to own coal mines; they found they had to have coal to make steel.

I am one who believes that the publisher of the future will have to open his eyes to the fact that there a lot of clouds on the horizon as to his ability to indefinitely get all of the newsprint he needs by just letting somebody else produce it and he buy it.

Mr. KLEIN. Will the gentleman yield there for a moment?

Mr. BENNETT. I was going to say that it would probably be fair to say that most of the bigger papers of the country are better protected. They have taken action to protect themselves more than

would be the case of the smaller city, independent paper, and weeklies. The latter, of course, are 100 percent dependent on the market.

Mr. WILLIAMS. I know a little about the weekly. I served my apprenticeship in my father's country-weekly printing office and my brother now runs the two weekly newspapers that we have. I know first hand the problem of the weekly today.

It is that he is the same as the little grocery man who can't buy—he is not a chainstore—in carload lots, and he must be dependent on the wholesale grocer in his area when he buys two buckets of lard, and something of cigarettes.

The little weekly does not use enough newsprint to contract for. He must get it from the local distributor in his area, and the established merchant.

The only weeklies that have reached a point are the flat sheet users, and anybody knows enough about the weekly newspaper business to know that if the average weekly paper had the money and he bought a carload of flat sheer newsprint he would have enough newsprint to run him long after he was dead and possibly his children would have to use some of it. Therefore, physically, he can't buy that way.

He is like the little man in any of these fields. What we have done is this: There has been a considerable number of small dailies that prior to World War II bought when there was no trouble from a regular merchant. They got their newsprint a few rolls at a time and never bought in carload lots. But they got into trouble then.

We advised, and we have done it steadfastly, that any publisher in the United States today should make his contract direct with the mill and buy in carload lots even if he doesn't use more than a carload every 2 months.

In other words, a carload is 25 tons. If he uses only twelve and a half tons a month, in that way he not only establishes a direct connection but is not dependent on a middle man or a merchant. After all, the only newsprint the merchant can sell is what he can buy from the producer.

Mr. BENNETT. The producer cannot sell to anybody else where the producer has a contract to sell his output.

Mr. WILLIAMS. We know of no instances where a producer has passed up his contract or denied delivery and given it to somebody else. The pinch is where the producer cuts back for all of his customers.

I presume you are familiar with the position we reiterated the other day: We got information that certain producers were going to make a straight cut across the board of say seven and a half percent. We took the position that no mathematical formula that cut every customer the same would work fairly for the small paper.

We asked that each mill work out a formula or program that would take care of the small paper and not apply the same cut that he did on the big user. So far as we know it is working pretty well.

Mr. KLEIN. I just wanted to carry Mr. Bennet's argument a little further, about the advantage of being a large producer of a large newspaper.

You were talking about the publisher protecting himself by owning these newsprint mills. There is no doubt, is there, that the big user is always in a better position, whether he is a newspaper publisher

or not? He can take a man's full output or close to it and he would always get a better break with regard to supply.

I have a letter here from a publisher of a small daily newspaper in Oregon, the southwestern Oregon's only daily newspaper, and I would like to read you one paragraph from it:

> I think you are proceeding wisely in urging the differential between small and large papers on the basis of curtailment. For example, my paper used between 360 and 380 tons last year, and at times was down to three rolls of paper. On several publishing dates, if newsprint had not arrived in the morning, we could not have published. Contrarywise, I know one metropolitan daily in the Northwest which used 34,000 tons; 100 times as much in round figures.

So it seems to me that that large metropolitan daily, even if he did not own the newsprint mill or did not own a part of it, could still be in a better position; would you not agree with me?

Mr. WILLIAMS. I agree with you fully.

Mr. KLEIN. Better than the small fellow. And I agree with you that a straight across-the-board curtailment would be very, very unfair to the small man.

Mr. WILLIAMS. On the Pacific coast, one producer—and I don't call names, but I can give you the information privately if you want to follow it up—one producer ahead of all of the others canvassed his situation with his customers and found, if I am not mistaken, that if he gave all of his up-to-400-ton customers the same without any cut and then started his cut above, the under-400 people would be taken care of. That is what we wanted to do. It was to let them find out for themselves.

We understand one big producer has put 300 tons as a minimum before he starts to cut. We understand that another one has been working around 500.

But we believe that is something each producer can do.

What we wanted to say in our statement was that if these producers would do it, they would get no complaint from the large user that it was unfair to the large user. In other words, we wanted to fortify them, if we could, to go ahead and put that into effect because some of these producers first took the position they had to treat every customer exactly the same. A 5 percent or 10 percent cut must be applied against all. That is when we took the position that it would not be fair to the small paper.

Mr. BENNETT. Is there anything, in your opinion, that Congress could or should do in reference to this problem?

Mr. WILLIAMS. I have been asked that same question, Congressman, over a period of years. In my opinion, additional production must come in every way we can bring it about, short of the United States Government going in the newsprint manufacturing business.

I don't like the idea. There are a lot of reasons. Under RFC, and as I understand it, now under the thing that succeeded it——

Mr. KLEIN. You mean the Small Business Administration.

Mr. WILLIAMS. I can't keep up with these initials on these agencies.

What I mean is that, as I understand it, a group of people can get together and work out a project and come and get a loan from the Small Business Administration just like you used to do with the RFC. As a matter of fact, the Lufkin mill was built with advances from the RFC. They were paid off just like any other concern.

As I understand it, the same law exists in that respect. The thing that I have been thinking of, and I expect to find out, is whether the Small Business Administration is in a position to advance money to a group of publishers who would buy newsprint. The reason I don't think this matter of the Small Business Administration advancing capital to put up a mill for a small group of publishers is practical is that you just couldn't get that many together in the United States on a stock ownership basis when their total requirements added together would be nothing like the amount of tonnage that would be produced by that mill.

In other words, a modern mill makes 75,000 tons a year. What I am trying to say is that it would take an enormous number of small newspapers owning that mill to consume 75,000 tons.

Mr. KLEIN. Will you yield for a moment? I think Mr. Bennett's question was what could the Government do to encourage the manufacture of additional newsprint? And it would not have to be an association of publishers such as you suggest.

Now, I might answer it in this way: That it seems to me—and I have said this before—that there is no shortage of capital, either by the insurance companies or other people, to invest in a newsprint mill; if they have everything else there and there seems to be enough of a demand for their output? Is that not a fact?

Mr. WILLIAMS. That is right.

Mr. KLEIN. Can you suggest any need for action on the part of the Government, or what the Government might do aside from loans? That is, tax amortization and so on.

Mr. WILLIAMS. It is my understanding, Congressman, that any project that is good enough to justify the investment can get money from the investment world, whether it is insurance or anything else. It would have to be that good to justify the Small Business Administration making the loan.

Mr. KLEIN. As a matter of fact, is it not true that the Southland mill in Lufkin at the present time is either selling an issue now in Wall Street, or is about to go through with one, for the purpose of getting capital for their new expansion?

Mr. WILLIAMS. That is right, and Coosa River the other day, for their expansion, gave rights to the present stockholders and, as I understand it, all of those rights were taken up by the present stockholders which did not need any further financing.

Mr. KLEIN. Is there any need for the Government to step in and help any of these in the expansion of production or for new sources of supply, in your opinion?

Mr. WILLIAMS. It is my belief that the future expansion in the United States has to come from investment projects. I certainly know it is not good for the newspaper business to get fly-by-night operations into existence that cannot survive. You have heard Alaska referred to recently. I know of surveys that were made of Alaska going back beyond 30 years ago, and surveys were made by publishers on the Pacific coast. I would like to see this committee establish first the fact as to whether or not power is available in Alaska to do the expanding pulp and paper? I have heard the question raised.

The trees are there within certain areas, but all of the trees in the world can be there if the power is not there. It is my personal opinion that no private project, if the power is available, could go into Alaska

on a businesslike basis and build its own power and then build its mill.

That leads me to the belief that if the power is available in Alaska, and the expansion does come, it is going to have to come through some form of development in Alaska similar to what the TVA had whereby the Government will overall develop power and do all of the other things and have it available to buy.

Mr. KLEIN. That is a suggestion that was made by one of the locals of the American Newspaper Guild, and they are, of course, vitally concerned with sufficient production of newsprint. They have mentioned this Alaska situation, and the timber in Alaska, but I think you make it clear that it is not only timber that we need; we need the power, and there are other things that go into the making of newsprint other than just the timber.

Mr. WILLIAMS. The point I have come to, after reading numerous reports, and I have heard all of the discussion about Alaska, is this: The newsprint industry, for instance in Canada, is there first because there was power there; then the trees were there. I don't mind telling you one of the great problems in the development of the newsprint industry in the Southeast, as I see it, is the power problem. As you know, there are areas in the Southeast where all of the power is generated by coal or some other thing. It is not waterpower. Therefore, power comes immediately into the picture.

Lufkin mill uses natural gas.

Mr. SCHENCK. It is not waterpower in the Tennessee Valley, either.

Mr. WILLIAMS. Well, the waterpower is there.

Mr. SCHENCK. Only a small percentage of its total output.

Mr. WILLIAMS. You are talking about Calhoun, Tenn. The Bowater mill uses power from TVA.

Mr. SCHENCK. But I want to point out that the testimony shows that a large percentage of power used by Tennessee Valley is generated by steam plants.

Mr. WILLIAMS. I see your point. In my terms, I used it as a symbol of Government doing something about making power available in Alaska. In my book I don't think that any time, personally, need be spent on considering Alaska until you establish the facts first.

Is it true or not that the potential power is there? And I have been told—and I never have been to Alaska—but I have been told that the streams run narrow and deep, not in great quantities of water, where you can have a big dam.

Someone once told me that you couldn't put up a dam on one stream there that would generate enough power to take care of one big paper and pulp production mill. I don't know. But what I am saying is that I think some progress could be made by this committee if it could establish the facts first, and forget about the forest and the woods there.

I know the Governor of Alaska is a former Forest Service man, and I have talked with him about the development, but it seems to me that we could at least know where we stood with respect to the future of Alaska if we can first establish whether power is possible regardless of who does it.

Mr. BENNETT. Is the lack of a more rapid increase in domestic newsprint production due to the shortage of wood supplies?

Mr. WILLIAMS. No; I think, Congressman, this shortage that we are in today is because nobody foresaw this great upsurge in demand for

newsprint, not only in this country but in the world. I am satisfied that if we could have known something more we would have had more production.

Mr. BENNETT. I am wondering if that is true. I noticed ever since I have been a member of this committee, which goes back since World War II, that this newsprint shortage has been a problem. It has been such a problem that we have taken cognizance of it and held hearings about it and wondered what could be done.

If more automobiles are needed the automobile companies make them until they run out of your ears. If there is no shortage of wood supply, and the price is good and the demand is there, what is the reason that private enterprise doesn't take more interest in the expansion of newsprint production?

Mr. WILLIAMS. One of the things, Congressman Bennett, in my opinion, is that some of the people now in the newsprint business are old enough and at that time they were young enough to remember what happened to the newsprint industry in both the United States and Canada when it was greatly overbuilt and newsprint went down to $40 a ton.

Mr. KLEIN. That was in 1929; was it not around that time?

Mr. WILLIAMS. Generally through that period. Of course, from 1929 to 1932, all bets were off. There were a lot of things overbuilt and in trouble then that weren't peculiar to the newsprint business. But what happened was that the great conservation wave, if you want to call it that, came over this country. You can give your credit to whoever you want to, Pinchot and all of the rest were involved. We entered that era in which we were told, or the public was told we were cutting our forests faster than we should. It became increasingly difficult to make more newsprint in the United States for a variety of reasons and Canada opened up as this great virgin territory of both power and wood.

That was part of the background that the Congress put newsprint on the free list in the tariff law of 1912 or 1913. Then started this great development in Canada. The development came faster than the demand. The rest of the world was not making any great demand on Canada for newsprint at that time.

Then came along this period of overproduction. I can remember the time when all you had to do, and of course the Congress brought about the SEC and a lot of other things, but there was a time that you could almost take a blueprint and walk through an investment line and you could get some stock sold and put up a newsprint mill. That sounds fantastic, but it was so.

There was great overexpansion. At least it was in the light of what happened. Newsprint went down to $40 a ton. I always denied that the publishers put it at $40 a ton. I still believe that there is no law can do fundamentally anything about the law of supply and demand. There was just more newsprint being made than could be consumed and the price went down. It was just like today it is going up because there is a shortage, and less demand.

Mr. BENNETT. How long has this shortage existed? To my knowledge, it has existed since the end of World War II.

Mr. WILLIAMS. No, sir. At the end of 1945 when we went off the limitation order, and then shortly thereafter WPB went out. If I remember my dates correctly, we went off at the end of 1945 on the

limiting of the amount of newsprint you could use. Then it continued for a short time an inventory order, in other words the publisher couldn't keep larger than a certain amount of inventory. Then all of that was washed out.

There was a temporary upsurge of demand because you had no limitation, and you could use all you could buy. That leveled out and continued without any stress or strain until the Korean situation.

Mr. BENNETT. I think our committee concerned itself with this problem before the Korean situation; did it not? Did not Congressman Brown head an investigating committee at about that time?

Mr. WILLIAMS. Mr. Brown was chairman during the war. We were in this World War II. But the problem then, generally speaking, was that much of the basic material that we wanted for newsprint in the way of pulp was being divided for war uses into various containers and even munitions, you know such as the cellulose and that stuff. You could not get any building going on in World War II because we had all of the limitation orders on steel and all of the other things.

But I would say that, generally speaking, we have had the stringencies, but there was nothing like this. This happened since World War II.

Mr. BENNETT. You do not believe, then, that there is any need for Congress to do anything or that there is anything that Congress could do to stimulate greater production of newsprint domestically?

Mr. WILLIAMS. I have tried to answer that question to these various committees when I have met with them. I do not know of a specific thing I could recommend that the Congress do today basically that would be generally speaking something to bring about production.

I have heard about bagasse and all of the others, but newsprint is on the free list. I certainly wouldn't come here to advocate we put a tariff on it so we could develop the United States industry. Therefore, the Congress has already provided the financial facilities for loans to be made to anybody that is interested, if you can't get it from Wall Street. I use Wall Street purely as a name of a place to go for money.

Therefore, as I see it, as a very practical thing there is nothing that the Congress can do.

I think Congress should not overlook it. I don't think you are wasting your time; but when you add it and come to the end, what can the Congress do specifically that will bring about more newsprint production primarily in the United States? You could only use your influence somewhere else if anybody else wanted to listen to you.

I do think that there is an aspect that if this committee can establish the facts with respect to Alaska, you can then decide how and what is the best method to bring about production of newsprint in Alaska, and very frankly I would like to see a lot of newsprint made in Alaska. But if other paper and pulp products can be made in Alaska and newsprint can't be there, it takes the heat off of all available newsprint supply.

In other words, pulp and other kinds of paper would come out of Alaska that would make it possible for those raw materials closer home, if we can convince people to do it, to make newsprint.

Mr. KLEIN. While you are on the subject of what the Government can do, I think that there is something else that we can do, although we may not want to do it.

As I have said many times, Mr. Williams, I think you know my views. I am more concerned about the small publisher in this country, the small daily, or the weeklies that may be forced out of business because of the fact that if there is a shortage the big fellows are going to continue to get as much as they want or he may be cut back a little as we mentioned, but the fellow that is going to suffer here is the small man. Allocations may be the answer.

Mr. BENNETT. What would most likely happen, then, is that if that time came there would be congressional action to allocate.

Mr. KLEIN. Which we do not want to do, and that is why I made the suggestion, which seems to have met with a great deal of criticism by the big newspapers, and commendation by the small ones; and that is that the newspapers themselves can do this.

The big man in this industry just as in any industry, can help the small man out by saying, "I will use less and I want to make sure that the small fellow is not forced out of business."

Mr. WILLIAMS. Mr. Chairman, on that it is my information at this moment that there is, first, not a newspaper in the United States, weekly or daily, that has been forced to suspend publication or to go out of business solely for the lack of newsprint.

Mr. KLEIN. I hope we can stop that.

Mr. WILLIAMS. We have said publicly and we have so advised the Department of Commerce and we have so advised the producers that so far as the American Newspaper Publishers Association is concerned we want to know of any instance where a publisher is in trouble.

Now, get me, I distinguished between the fellow not having all he wants, but I want to preserve his publication and keep him in business. We will see that he does get the newsprint.

On your point, Congressman Klein, about the big paper——

Mr. KLEIN. How are you going to see about that?

Mr. WILLIAMS. We are not going to buy the newsprint, but if we can get the facts; I had an instance yesterday——

Mr. KLEIN. How are you going to do it? You are going to go to the newspaper and say, "Will you please give so and so some paper?"

Mr. WILLIAMS. We did that in World War II in all of the shortages. But we ran into the complicated picture, frequently, that the large newspaper there nearest this man, does not have the roll sizes the publisher can use, and run through his presses. He has total numbers of tons, but he can't use it. We have numerous instances through all of these periods of stringencies, where newsprint was given up by publishers nearest—and when I say give up, the other fellow paid for it, you understand; that avoided any suspension of publication of any newspaper.

Mr. KLEIN. That is because he had; am I right?

Mr. WILLIAMS. That is right, and the only publisher that can give it up is one who has it.

Mr. KLEIN. He could also do it by using less paper.

Mr. WILLIAMS. If you would let me speak to that point, this is my understanding of the situation: If the 10 largest newspapers in the United States—and forget about those which own a mill, and there

are only 2 or 3 of them and you have to eliminate them for the purpose of my statement—but if the 10 largest newspapers in the United States each said: "We will use 5,000 tons less so that is available to the small paper" there is no way for that big paper to assure, under the present system, that it is going to the small paper. When he tells his producer: "I will take 5,000 tons less" it goes back into the available distribution of that producer to supply to those people that want it under their contracts. Under the contract that the publisher makes with the mill he obligates himself to use that newsprint himself.

Now, I liken it to this: A man could decide that there were a lot of folks that needed to be cared for, and for instance he wouldn't take his salary and it stays back in the body of the United States Treasury, but there is no way for him to know that that salary is going to take care of a certain thing. Someone has to appropriate and it has to go there.

So what I am saying is this: The publisher cannot, just in an effort to help the situation and so as to make more tonnage available to the small paper say "I am going to forego the use of X amount of tons," and by so saying be assured it goes to anybody.

Mr. KLEIN. Where is it going to go? If all of the big dailies say they won't use it, it is going to go to someone who is going to use it as newsprint?

Mr. WILLIAMS. That is true, but it does not necessarily mean it is going to the small newspaper.

For instance, say one mill is already 10 percent behind in its deliveries to everybody. If the 10 largest papers cut back enough tonnage so this mill could be current with what is left, all you are doing is to give the fellows that haven't cut back what the large publisher has cut back, and it doesn't follow necessarily he will be a small publisher.

Mr. BENNETT. How many newspapers in the country are either curtailing their circulation, or are unable to increase it because of this shortage?

Mr. WILLIAMS. We have made no effort to catalog it by questionnaires. I think I am going to have something on it within the next few weeks. We have been busy for the year 1955 getting figures on it.

I can tell you, generally speaking, that you mentioned one phase of it. We do not know of any newspaper in the United States, daily or weekly, who has had to cut back on its circulation because of lack of newsprint. We know some have not gone out to promote increases which is a normal step.

Mr. BENNETT. If they have not been able to cut back on their circulation, has it affected the size of their paper or the number of pages?

Mr. WILLIAMS. Yes, sir; it has affected their size.

Mr. BENNETT. That goes right to the root of their financial problem.

Mr. WILLIAMS. That goes to the revenue end of the picture. Prior to Christmas, which was the unusual splurge of advertising, there was an instance of a paper in Michigan that decided—it was a 6-day afternoon paper—that rather than curtail its advertising or its circulation in any way, and it did not have enough newsprint to publish for that period of 4 or 5 weeks, to drop its Saturday afternoon paper. That was this publisher's method of meeting a situation. He could have

taken the equivalent amount of newsprint that he didn't use on Saturday and picked it up through the week.

Mr. KLEIN. That is what I wanted to refer to now, if the gentleman will yield.

Mr. SCHENCK. How long are we going to go in this hearing? I have some questions, and it is going to get close to a time when we will have to go to the House.

Mr. KLEIN. I do not know. I would like to accommodate the gentleman, but this is a very important thing, and Mr. Williams has kindly consented to come down, and I will certainly come back this afternoon or tomorrow if we have to go over, but there is no way of knowing how long we are going to be.

Mr. SCHENCK. I have some questions I would like to get in the record, and we are all pressed for time.

Mr. KLEIN. The gentleman appreciates what it means to be down the line there. I just want to ask one question and then we will permit this.

I wanted to call attention to a newspaper called Town and Village, which I am very proud of and which is published in my district and I want to call your attention to one little newspaper item and this is a little box on the front page.

This is a weekly, this week, Thursday, January 19: "Newsprint shortage curtails paper." This is what this box contains:

> We regret that due to the newsprint shortage it was necessary to curtail this week's edition to 16 pages. Over 1,800 agate lines of advertising had to be omitted.

Then he says "See Congressman Klein's story on page 4."

This has the largest circulation in the State of New York of any newspaper, and it is an important paper. They have had to cut down on their advertising and I believe if the small fellow can do it I do not see why the big man cannot do it.

Mr. WILLIAMS. Let me say that my guess is that that newspaper is not published in a plant owned by the publisher. I may be wrong. It is printed in a printing plant that prints a variety of other things.

Mr. KLEIN. I do not know.

Mr. WILLIAMS. What I am leading up to is this: If that is the case, then the publisher of that paper has no relations whatsoever with his newsprint supplier. He makes a contract with this printer to print his paper for him and pays him so much.

Mr. KLEIN. You mean the printer then supplies the paper?

Mr. WILLIAMS. The printer must buy just as if you had 500 envelopes printed or 500 letterheads.

Mr. KLEIN. To him it makes no difference, and to the advertisers that want to advertise in that community and to the publisher who has to lose that revenue, it does not make any difference to him whether he buys it or whether he prints it himself.

Mr. WILLIAMS. I assume this is in Manhattan—and knowing a little bit about that I assume there is no publisher of a weekly newspaper in Manhattan that could afford to invest in a plant that did nothing but print that newspaper. Therefore, he contracts with some printer in Manhattan there to print this for him.

Now, what we have tried to tell publishers of that type to do is when they make a contract with the Podunk Printing Co. or whoever it is to print his paper, they go beyond that and make that printer

protect publication through an earmarked definite newsprint supply.

In other words, if the printer can't make a contract with the X producing mill to buy so many carloads of newsprint a year, that is where that publisher ought to, in his own interest, take a hand to assure himself the printer is going to be sure he can get the newsprint. This printer is in effect just like the merchant who sells paper. He cannot sell any paper unless the mill sells it to the merchant.

Mr. KLEIN. Suppose he does not have it, and he has to cut him down?

Mr. WILLIAMS. What I say is that when a publisher complains on the first page of his paper that it is not as large as it ought to be, because he can't get newsprint—I first want to know what arrangements he made for somebody else to buy the newsprint for him to be sure that he was protected. That is just an ordinary business precaution.

If you are a manufacturer of something and go to a subsidiary and say "We want you to make us so many parts to go in this machine," you satisfy yourself that this subsidiary or this small manufacturer, is ready with raw material to be able to deliver or you won't make the contract with him.

I know the editor of this newspaper is probably never interested in his newsprint supply except when he can't get it. That is why I say there is more to the picture than just lack of newsprint.

Mr. KLEIN. All I can say is that he is losing on this one edition alone—and he had to cut down 1,800 agate lines of advertising.

Mr. WILLIAMS. Would you mind letting me have the name and address of that paper and let me check with him when he gets back?

Mr. KLEIN. He is a very good friend of mine and I will give you the information. But I wanted to point out that I would like to see, instead of a small man like this having to lose 1,800 lines of advertising, I cannot see why the big metropolitan dailies cannot voluntarily cut it down if it is necessary. I would agree with you that nobody wants it if it is not necessary. But what this committee is interested in, and I am sure I speak for the other members, is to see that these small disseminators of news, many times to people who never read these big dailies—we want to keep them in business and we do not want to have them forced out of business.

I have one more question and then I will yield to Mr. Schenck.

Mr. SCHENCK. It is too late to ask questions. The questions I have in mind, and the matters I want to get in the record will take more time to develop than we have available, because I also have other appointments.

If there is some other time, we can develop that later.

Mr. SPRINGER. Might I ask a few questions? I thought Mr. Bennett was through.

Mr. BENNETT. I had some other questions, but I wanted to yield the floor to Mr. Schenck.

Mr. SPRINGER. I will wait until you get through. I think I can cover these if I may have a minute.

Mr. Williams, I am Congressman Springer, and I have talked to you on the telephone. I believe that your association projected some figures ahead beginning approximately in 1949 or 1950 of what we should have in the way of newsprint for the next decade or 10-year period.

A week or 10 days ago the Department of Commerce testified, their expert here, and have you had a chance to compare the estimate that you made with the estimate which they have made of the same period of time?

Mr. WILLIAMS. We have compared them. I don't have the actual technical information. I would say, generally speaking, that up to 1960, they are well in line.

Mr. SPRINGER. In other words, they are approximately the same?

Mr. WILLIAMS. Yes, and we exchange information. There is nothing secret about ours, and they had our data when they worked and so I would say without calling figure by figure, that the report made by the Department of Commerce the other day up to 1960 is well in line with our thinking.

Mr. SPRINGER. Now, at approximately this time in January of 1956 your estimate of what they would need was substantially above what has been produced in 1955, was it not?

Mr. WILLIAMS. Yes. Before you came in, Congressman, I said that the estimate of what we could use could not be put into figures because we would use all we could get.

Mr. SPRINGER. My point is this: That you estimated approximately what we would need, did you not?

Mr. WILLIAMS. That is right.

Mr. SPRINGER. And the industry itself, however, apparently did not follow your projected estimate, did it?

Mr. WILLIAMS. Let me put it this way: They didn't agree with us.

Mr. SPRINGER. At least, Mr. Williams, they did not produce what you estimated that the industry was going to need.

Mr. WILLIAMS. That is right.

Mr. SPRINGER. In the year 1955 there was more newsprint manufactured than there was contracted for by the newspaper industry in January of 1955, was there not?

Mr. WILLIAMS. I would say yes, generally.

Mr. SPRINGER. In spite of the fact that there was more newsprint manufactured in 1955 than there was contracted, the newsprint companies have not lived up to those contracts, have they?

Mr. WILLIAMS. Let me put it this way: Certain mills made contracts for newsprint for delivery in 1955. It turns out through hindsight that their production schedules did not come to pass so they had contracts for newsprint they were not able to deliver because they did not produce enough. I am talking about individual mills and not total figures. They didn't produce enough newsprint to take care of those contracts.

Mr. SPRINGER. In other words, the newsprint companies contracted for more newsprint than they knew they were going to produce, did they not?

Mr. WILLIAMS. Than they did produce. I wouldn't say that they knew they wouldn't, because I really don't believe they would have made contracts deliberately if they didn't believe they could deliver. That is the point I want to stay clear on.

Mr. SPRINGER. Approximately what percent of the contracts of newspapers, generally, have the newsprint companies not fulfilled? What percent is that for 1955?

Mr. WILLIAMS. There is no way to give that. No single mill was in exactly the same position.

For instance, one mill was behind 6 percent at the end of the year, and another mill was behind 15 percent.

Mr. SPRINGER. Now let us take the 4 large mills that produce 80 percent of all of the newsprint.

Mr. KLEIN. Is that correct?

Mr. WILLIAMS. I may have got it wrong on the percentage, but I testified that of all of the consumption we had in the United States last year, 80 percent came from Canada. But I do not recall that I stated that of that 80 percent, 4 mills made it, although the figures are here. It may turn out that you are right.

Mr. SPRINGER. I think that I am approximately right, and I may vary a few percentage points. However, it is approximately that.

Mr. WILLIAMS. That is right.

Mr. SPRINGER. Those mills have notified the publishers that they are not going to deliver on the portion of the contract they failed to fulfill in 1955, have they not?

Mr. WILLIAMS. They have said,

> We will not at this time, this early in the year, promise you that we will deliver 100 percent of your 1956 plus what we did not deliver in 1955.

Mr. SPRINGER. In addition——

Mr. WILLIAMS. They are not picking that up. They have not promised that they will do that.

Mr. SPRINGER. In addition to that, these 4 companies have all notified the publishers that they may expect a cutback, have they not, of approximately 13 percent for 1956?

Mr. WILLIAMS. They have already notified them, but it is my understanding that at least most of them have restricted their notifications specifically in figures through April, to the first 4 months. That is not for the full year. I do not mind telling you, if you do not mind me saying so, my personal opinion is that in April they want to have a chance to take another look at what is happening on this increasing demand before they then say anything about the next 4 months, rather than making some kind of a commitment for the full year now.

Mr. SPRINGER. The point I am making, Mr. Williams, and I want to find out if I am correct, is that these people made contracts in January of 1955 or in December of 1954 for the calendar year 1955. Based upon those contracts, they expected to produce so much newsprint. They produced more newsprint than they expected on January 1, 1955, for the calendar year of 1955; did they not?

Mr. WILLIAMS. They did.

Mr. SPRINGER. And in spite of that fact, they are not complying with their contracts and have not complied with them for 1955.

Mr. WILLIAMS. I know you do not expect me to run interference for the newsprint producer because I have had other things to be busy with than that. But I think this ought to be brought out, that unfortunately for us, as we look back on it, there were some publishers in the early part of 1955 who asked their producers to defer shipments to us because they did not think they were going to need that newsprint.

Some of them went through the first quarter of 1955, taking less newsprint than their contracts had authorized as a top amount. Then demand got tough and these publishers came back to the producer and said, "I want now my tonnage that I did not take in the first quarter."

Then the mills said, "The tonnage that you did not take has gone down the drain and we cannot do anything more than we are producing."

I do not know the details of every relationship between every publisher and the mills, but some producers tell me that part of their trouble, not all of it, but part in 1955 was the fact that they could not catch up with this additional production and make good what had been deferred. So, all I want to leave you with is not a flat "yes" or "no" answer that the mill started out on January 1, knowing how much newsprint they were going to make and how much tonnage they had under contract, and failed to carry out to the letter the tonnage in the contract. I think there were mitigating factors.

This is a fact: We do not know, in modern history, instances of a mill refusing to permit a publisher to cut back on his tonnage. In other words, he makes a contract for 10,000 tons, and cuts back. What they tell me in the mill, in the sales end, is that the laws of averages have taken care of them in the past. From the publisher who cut back and did not want his full contract requirements they could take care of some publisher that wanted more than his contract requirements. It is not my understanding that any producer of newsprint ever balanced out in any year delivering exactly the tonnage as he thought he would at the start of the year.

Mr. SPRINGER. Let us come to the last quarter, then. At the same time that they were not delivering on the contract for 1955, whether it is back from April or not, but they are not delivering for 1955, it is true, and I think you can find it so all over this country that they could buy all of the paper they wanted on the gray market. I am talking about the gray market and I define that as selling more than the going contract price. Was that not true?

Mr. WILLIAMS. My only question is whether all are involved. I do not think there has ever been a time since this situation got tough that a publisher could buy on the spot market all that he wanted.

Mr. SPRINGER. I will put this in the record for your recognition, a number of letters sent out by spot merchants that they will supply them all that they want. That was the last quarter of 1955 that went out to publishers in the Middle West. I am saying that is all that they wanted. No price was mentioned, but when the newspaper went to the spot merchant who was selling that, the price was from $170 a ton to around Christmastime, at $210 a ton. I am talking about out of Detroit and out of Chicago. Was that not true?

Mr. WILLIAMS. That went on, yes.

Mr. SPRINGER. And you do not say, Mr. Williams, that the spot merchant who was selling his paper at that time got that paper back in March or April or May or June, do you, and saved it until December?

Mr. WILLIAMS. No, sir. He was just like the bootlegger in prohibition times. He got what he could get and sold it as fast as he could at whatever price he could get for it.

Mr. SPRINGER. And he got his delivery in the last quarter of 1955; did he not?

Mr. WILLIAMS. Yes, and there was diversion. I think that I have some of the same letters. It is amazing, some of these letters from merchants—and some of them I do not dignify with calling merchants—would offer tonnage to a publisher provided certain roll

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widths were used. I also have letters from the same people to other publishers, wanting to know if they had newsprint that they could buy.

In other words, many of these operators at that time and today do not have a ton of newsprint, but if they can get a commitment they try to find it. That is the bad feature of this situation. I personally think, Congressman, that the spot market today—and I call it "spot" as I have told you on the phone because there are only two markets to me. There is contract and spot, and spot is anything below or above the contract price. It is my belief that the anxiety of publishers to try to locate additional tonnage at the spot price has indicated a greater demand than exists, because a publisher will go to A and say, "I want 1,000 tons," and, on the same visit, if he is going to Chicago or New York, he may see four different people. You then get 4,000 tons as the demand, while the truth is that only 1,000 tons are wanted.

We know of instances where publishers have bid against themselves by going to several different people. That is what is happening with Austrian tonnage. Austria does not sell to this country through one selling agent. Several different merchants sell tonnage from Austria. They have showed me where a publisher comes to them and they tell him they think they can get so much. He then goes to somebody else, and then it finally goes back to Austria where they are waiting to sell to the highest bidder.

What I am trying to say is that in my opinion most of the spot tonnage that has been sold since we were in a stringency is tonnage someone was able to get his hands on either from other merchants or from buyers of newsprint that decided they could make more money that way. We have information, for instance, that certain publishers of comic books have found—and they have contracts for newsprint just like any other publisher—that they could make more money selling their newsprint than printing comic books. We try to get the facts on where spot market newsprint comes from.

Let me cite you one instance. We spotted a carload of newsprint that went to one of the Dakotas. The publisher sent me the bill of lading and we traced that car to the mill where it was made. I took it up with the top people. It turned out that this mill had a new machine coming into production, and figured it would take a month or 6 weeks before the paper coming out of that machine would be of a type they were willing so sell with their name on it.

So, rather than throw it away, they sold it to a merchant in New York City with the express condition it was for export. In other words, somebody somewhere else was willing to buy it; it was an offgrade. That car showed up in the Dakotas because the merchant who bought it found out he could get a few extra dollars. We have not been able to trace one single carload of newsprint that was sold on the spot market with the knowledge of the producer.

Some of that spot-market newsprint was sold by the producer to an established merchant, and he let it get on the market. I wish I had the facts.

Mr. SPRINGER. You do know this, Mr. Williams, that this thing that I have mentioned and what I have said here in the previous question is going on all over the country; is it not?

Mr. WILLIAMS. Undoubtedly it is. I estimate that, and it is purely arbitrary, in the total amount of newsprint consumed in 1955, possibly 50,000 tons of it was sold at the spot-market price-higher than the contract price.

Mr. SPRINGER. Around Christmastime, you had all kinds of newspapers going into this market as the only place they could get it.

Mr. WILLIAMS. That is right.

Mr. SPRINGER. And let me say this for the record, because I have talked with publishers: That what they get is your name and find out what company you have and if you have Great Northern, they send you Abitibbi or something similar to that; is that not what they did? And some of it came out with the rolls on it, and the company was bound to know what they were selling that at on the market.

Mr. WILLIAMS. That is right.

Mr. SPRINGER. Now, on the part of these companies. These companies knew it was being sold at exorbitant prices in the gray market.

Mr. WILLIAMS. What I am trying to say to you is that it is not within my knowledge and we have tried to get the facts.

Mr. SPRINGER. I have just one other question. One thing that has disturbed me, Mr. Williams, in this field here is this: Every time the price goes up, we will say one raises it, everybody else does the same thing; do they not? There just is not 24 hours' variation in the way the price goes up and down in the newsprint industry.

Mr. WILLIAMS. We had a little bit different situation in the last few weeks than normally.

Mr. SPRINGER. I want to get an answer in the record. Is that not true?

Mr. WILLIAMS. That is true. When the price goes up by one or more of the so-called bellwethers or leading producers, somebody usually breaks a leg getting to the telegraph office to send a telegram to their customers that, "Our price is up, too."

Mr. SPRINGER. This is what you do know, Mr. Williams. You do know that there is price fixing in the field, do you not? I am not talking about violations of the law.

Mr. WILLIAMS. I will tell you what I do know. When you ask if I know there is price fixing, I can only say there are a lot of things I do not know but there are some things I believe.

Mr. SPRINGER. You believe there is price fixing?

Mr. WILLIAMS. No, I believe there are a few producers whose decision to increase the price, either singularly or severally, governs the price for all production.

Mr. SPRINGER. The only thing you do not know is whether or not there is a violation of the antitrust law; is that not true?

Mr. WILLIAMS. No, and you know we are being sued for a violation of the antitrust laws, and so when you get a reply on that you are liable to get a stump speech, Congressman.

Mr. SPRINGER. Now, you know and you have estimated that this condition is going to extend through 1956 and 1957, and well into 1958. That is your present prognostication; is it not?

Mr. WILLIAMS. I do not say that the spot market, and please let me differentiate, I do not say that the spot market is going to continue in the terrible form it is in now, coincident with all of this. What I say, is that as we can get this additional production, it will soften up the spot market and in fact several publishers who have

been trying it out tell me it is softening. I won't believe that it has softened to the point I like until it has disappeared. It will have to get so soft that it runs off.

I do not believe the spot market is going to continue in its present form through 1958. What I did say before you came in was that when all of the known and announced projects for additional production come into being by the end of 1958, we estimate that in view of the world demand and all of the other factors, some of which we mentioned, in the Argentine and all of the rest of the world, we should still have additional capacity on top of this of half a million to one million tons. That is by 1960.

Mr. SPRINGER. There is just one statement and I am through, Mr. Chairman, and I want to make this for the record, that it seems to me that these four large companies, and I am limiting it to them because I think they are producing most of the newsprint used in this country, should be very careful about selling to people on the spot market until and unless their price is down approximately to what the going price is.

Now, my contention has been in these hearings that they are selling these to these merchants on the spot market with the knowledge that it is being sold at these exorbitant prices. Now, I think that that is morally wrong, and they are certainly legally wrong when they are not complying with their contracts if they are allowing that to happen and they are not complying with the contracts to the newspaper publishers themselves.

There is only 1 of 2 explanations. They are either failing to comply with their contracts of 1955 and 1956, and that is all the publishers are asking, is that they comply with their contracts, that is 1 of 2 things, or the other is that they are not producing enough newsprint. I do not know which one of those they are doing.

Mr. WILLIAMS. On this point I want to make it clear that I do not believe any established producer of newsprint in North America knows that newsprint being made by him is going into the spot market and selling at a higher price. I do not believe any established producer is participating financially in any way with a cut on this income higher than the contract price.

Mr. SPRINGER. I have one other statement. One company made a statement to me and I do not know whether to believe them or not, but they said they are not getting a higher price than what they are selling on the going market for. That is in order to make a part of that profit that is the gray market spot price.

Mr. WILLIAMS. Congressman, I have lived with these people, and I would not hesitate to give you a name, if out of my experience I had established any facts that would lead me to believe that any producer had made diversion of newsprint with knowledge at a price higher than contract price. I would not hesitate to tell you his name. I would ask you to call a hearing so that I could give you the facts.

All I am saying is that having to live with these people I believe their reputation with respect to that particular angle is such that I will have to be shown that an established producer is deliberately participating in the financial reward.

Mr. SPRINGER. That is the point I do not know. I have not resolved my mind on that yet.

Mr. WILLIAMS. I have nothing on that. If there is anything that you can give me at any time in the way of facts, we are prepared to go to the existing producer. I think that you know out of experience that there are many of the heads of any big concern that cannot know everything that goes on. However, we go to the top when we get anything like that, and in the past we have found some things that at least did not smell too good and those steps were taken to clean them up. All I want is the facts.

Mr. SPRINGER. Thank you, Mr. Chairman.

Mr. KLEIN. Now, Mr. Williams, I have a couple of questions and we might be able to get through with these. You have undoubtedly heard about my suggestion, and it was never a proposal and I hope it never gets to the point where it might be a proposal. But my suggestion was that the shortage in the newsprint field could be lessened by the big users, not necessarily the big metropolitan dailies, but the big users of newsprint voluntarily cutting down on their consumption, at least until this emergency period is over.

What do you personally, or your organization, if you want to speak for them, think of that suggestion?

Mr. WILLIAMS. What I would like to settle with you, for the moment, is this: We will undertake an obligation in cooperation with all of the other newspaper associations, and as you know there is 1 in every 1 of the 48 States. We went on the theory in the past that when the ANPA in New York received a report from a member of the congress or somebody, that someone was in trouble or about to suspend, we felt that the people that could tell us more were neighboring publishers. We immediately got in touch with them. It was very revealing when you found the true facts. But, whenever the true facts developed that a publisher was short of newsprint or did not have enough to publish, his neighboring publishers let him have newsprint. Then we worked on his problems of his supply until he was satisfied.

There was an instance in the Southeast where a merchant was involved. I had information that convinced us that this merchant was selling newsprint to customers other than his established customers. Technically, he bought the newsprint, and he was an independent contractor. There was an uproar from the publishers naturally who were not getting it. This was in an emergency control period, and you remember for a dime a dozen you could get control laws or anything else. We naturally did not want to see any controls. We worked out an arrangement whereby this merchant made a list of all of his regular customers and the amount they needed. That was the amount of newsprint that was sent to him and those customers got it.

I do not want to see any form of cutback by any newspaper regardless of how much newsprint he has until we are convinced that that is the only way that the small paper can be cared for. I still believe that we have the strongest press in this Nation when nobody is responsible except the publisher and the editor for what he puts in it and how he produces.

Mr. KLEIN. Let us stop there for a moment. I agree with you but you can envision, I am certain, that if this shortage continues, and if as I believe, and I may be wrong, and you know more about this than I do, but if this results in small publishers being forced out of business, it won't be long before we do have a form of censorship.

As a matter of fact, and it is no secret that I believe it, I feel that we have a one-party press in this country at the present time.

You and I can argue about this, but we have very few Democratic newspapers. This administration can do no wrong so far as the great majority of the newspapers in this country are concerned. It is not too farfetched, it seems to me, to say that maybe the Democratic newspapers can be forced out and before long you will have no voice for any opposition. I know that you would not want that. I want to prevent that as well.

Mr. SPRINGER. May I interrupt to say to the chairman this morning I met with a large group of Republicans who were all of the conclusion that even though the newspapers were owned by the Republicans, all of the columnists were Democrats. Therefore, we did not have very much of a hearing. I just want to get both of these things in the record.

Mr. KLEIN. That probably is true of the reporters too, but I cannot conceive of reporters coloring the news the way they want to themselves without having the publisher have something to say about it.

I am really serious about this problem. Why should a small newspaper have to do this? Let us say many of them are doing it, particularly the one in my district. It is to my personal advantage even though it is a Republican paper because they are very nice to me. I do not want them forced out of business. I do not want this fellow, this publisher to lose money or to make less money. If he has to lose a little, why shouldn't the big fellow also lose a little?

Mr. WILLIAMS. There is a lot of information that I want to get about this paper, because I do not know about it. What I am trying to say there, Congressman Klein, is that I am not sure that it is not also a partly free distribution newspaper. Do you get my point? I am not worrying about the fellow that prints free distribution. I want to see him stay in business but you understand I believe in bona fide circulation, and that the man that wants to read a paper buys it. I differentiate between them. I would have to know more about it.

There is one thing that you can do in the United States, if you can get the paper to print on. You can print a newspaper and you do not have to ask anybody's license or permission to do so. I want everybody, regardless of their views to have that. If you want to have a discussion on that, we can do that.

We just finished celebrating a week of Benjamin Franklin's 200th anniversary, and some of the interesting things he preached and what he said then are just as true today. Benjamin Franklin, when some person took exception to the fact that he would not print a letter that he had written the editor, replied by saying—

> You have a right to your views. I have a right to edit this newspaper. I think that you ought to have your views. I am not going to print them in my newspaper, but I am going to provide the printing facility if you want to print that statement and you can circulate it to whoever you want.

Mr. KLEIN. I wish that view was still prevalent.

Mr. WILLIAMS. And I still stand on that.

Mr. KLEIN. Good for you. Now, I have received a number of suggestions from all over. I mentioned the American Newspaper Guild, and I mentioned this little newspaper. I have one from the

New York Electrotypers Union No. 100, and I would only say I am a great believer in labor, but nobody has a corner on the crackpot market, and this certainly is a crackpot even though he is with a union. Let me read his suggestion:

> May we be so bold as to offer a suggestion as to the saving of newsprint. Print fewer of the long-winded speeches that are made in the House of Representatives and in the Senate, and you will discover the immense amount of newsprint that can be saved.

All I can say is that of course I feel sorry for the fellow that wrote this letter. If we did not publish everything that went on in the Government and in the House of Representatives and the Senate, he would be the first one to suffer by something like that. That is the only answer I can give to that.

Mr. WILLIAMS. The other day I talked with the Public Printer. Do you know what this committee could also give consideration to. As I understand it, the laws of the United States, and I saw it come out the other day in connection with optional purchasing by the Department of Defense, forbids the making of a contract for a supply to the Government. You must offer bids and all. Now, what is happening to the Government Printing Office, and it does in every stringency, is that they cannot make a contract, and they are not protected through a regular supply because of this. I would like to see this committee consider that, on account of this newsprint situation that is not going to get cleared up any time soon. I was once secretary to a United States Senator and so I still believe that you ought to be able to put anything you want in the Congressional Record whether anybody reads it or not.

I do believe that the Public Printer under some kind of safeguards ought to have the right to contract for a reasonable amount of newsprint over a period of time so that the Government Printing Office can take its place along with all other consumers and be protected in a contract situation.

Mr. KLEIN. I agree with the gentleman.

Mr. SHOOK. I wanted to tell you within the last week they have given him permission to contract for 1 year only. That is instead of quarterly, so that is a step forward.

Mr. WILLIAMS. One year is better than a quarter.

Mr. KLEIN. I think it was at Coosa River. The manager of that plant told me that they had gone begging for paper recently for the Public Printer. He had given them some, and he had taken it from someone else. I think it is a terrible situation to have the Government put in.

Mr. WLLIAMS. But the Government is in that situation because of, as I understand it, the provisions of the law. I think the government is going to be running along in the future at least coexistent with newspapers, and you are going to be in business as long as we are. Therefore, if that is right, I think prudence as a buyer of this would dictate that the government should protect its supply.

Mr. KLEIN. I might say at this point that I want to commend you on the cooperation that you have always given this committee, you and your association and we really appreciate it.

Do the publishers have any evidence that the recent tightening of the market and price rise is attributable to British buying in anticipation of the end of newsprint rationing?

Mr. WILLIAMS. No. What has happened is that the British have contracts with the Canadian producers just like we have. Some of those contracts run to 1964. They went to Canada last year and stepped up their orders. If you will look at those figures, it shows increased newsprint going to Great Britain under those contracts. It is my belief that Canada is not now sending to Great Britain any more newsprint than those contracts provide for. Britain has not been able, as I understand it, to project itself very far beyond this year, and this phase of rationing can have a bearing on that.

If it turns out in 1956 that Britain can get the dollars—and Canada won't sell except for dollars, they won't take sterling—and if the British find that they want to step up their contracts, they have a problem of negotiation with Canada.

If I were a Canadian, I would want to treat Great Britain as well as I could. Basically, and this is what we tell the Canadians all of the time, they are an export nation, and they want to stay in every market of the world they can, not only for all of the things they export but for newsprint too. So long as they are an export nation, we are concerned always in their commitments. There is no doubt about it. Canada likes us as a preferred customer because we are her biggest customers outside of newsprint for a variety of other things. Therefore, we do a lot of business with her.

Now, Canada also finds it simpler to sell her output nearby to her neighbors. But we know a big factor is the increasing demand of the world for newsprint outside of Great Britain. Let me remind you of this, Congressman, that newsprint is the one product that has greater acceptance over the world than any other product.

I will take just a second to tell you about that. There was a time when gold had some validity as an item of exchange. Nations cannot use gold now to trade with each other. We know that sale of goods depends on a lot of things. We know that when it comes to food, some people won't eat wheat, and others won't eat rice, while still others don't eat corn. There is no nation on earth, whether inside or outside the Iron Curtain where the same sheet of newsprint that runs through the presses in the United States cannot run. Therefore, it has become an item of barter, trade, and finance, and frankly, governments are using it to punish persons in their own country by limiting their supply. You saw it in South America. That is why I am saying that this newsprint problem basically goes far beyond what we are talking about, the immediate hardships on United States publishers. It is part of a world problem and to supply the world and to increase the knowledge we are going to have to have more newsprint.

Mr. KLEIN. Have you taken into consideration in your projections of the requirements for 1956 and up to 1960, the fact that La Prensa and these other newspapers might increase their circulations. Has that been taken into consideration?

Mr. WILLIAMS. That is one of those things it is difficult to estimate.

Mr. KLEIN. You know what they used before Peron was in there, do you not?

Mr. WILLIAMS. Yes, but we do believe the literacy has increased, and therefore the figure ought to be stepped up a good deal.

Mr. KLEIN. There are more people there too.

Mr. WILLIAMS. We know India is quite a serious problem. A few years ago Gandhi's son came to see us. He publishes a newspaper in India. He went to Canada and got some additional newsprint. At that time it was not as tough as it is now. We tried to teach the Gospel to India, that we wanted poor people to have more knowledge, and do not forget, we think in this country of newsprint only being used for newspapers, but in many of these other countries, their schoolbooks are printed on a sheet of paper that is the equivalent of newsprint.

Mr. KLEIN. Where do they get their paper now, in India?

Mr. WILLIAMS. Some from Finland, and some from Sweden. I do not know what the latest status is. We tried under this foreign relief program where we send machinery, to promote the idea of getting raw material in India and to give them through the foreign relief program, the equipment and know-how, so they could produce newsprint in India. We figured that long-range if we could get India and other countries off our back as a demand on Canada and the United States, we would be helping ourselves and at the same time help them.

Mr. KLEIN. Until that time, there is an additional drain on us. That is true all over the world as literacy increases.

Mr. SHOOK. India has a 30,000-ton mill, and they just came into production, and I think that is probably from Mr. Williams' suggestions, some time ago.

Mr. KLEIN. Is that a modern mill?

Mr. WILLIAMS. All being built now are. We have instances where old mills are being revamped.

Another thing that is true, Congressman, I have been told that if you and I decided tomorrow and had the money and the customers, and wanted to build a newsprint mill, with the land and the wood, the demands on the paper making machine companies are such that we might not be able to get our machine for 2 years.

Mr. KLEIN. Since you mentioned you and I going into business, suppose you and I wanted to publish a newspaper, a brand new one, and just started. Do you think we could get the newsprint?

Mr. WILLIAMS. We could not.

Mr. KLEIN. Of course not.

Mr. WILLIAMS. We saw it happen in the strike in Detroit the other day, and you saw what happened. The papers were down in Detroit from the 1st of December until the other day. The Polish News which had never printed in anything except Polish, which started printing several pages in English. They were sold promptly. The striking employees of the paper published their own paper. They were able through a printing concern—and by the way, I think it was the printing concern that former Senator Blair Moody, of Michigan, before he died, was interested in. He was interested in publishing. They have newsprint contracts because they print circulars and other things. It is our information that this newsprint, and of course the Polish paper used up all it could get and all it could buy—let me say if the strike had gone on another 30 days, the chances are there would not have been any Polish paper or any guild paper, because they had used up all of the newsprint they could get their hands on.

Mr. KLEIN. Thank you very much, Mr. Williams.

Mr. WILLIAMS. As you know, and as I told you the other day, we will be glad any time that we can supply you with any information. If we have not got it, we will try to get it for you.

Mr. KLEIN. One thing we would like to have, and I hope we can get together, is for this committee, or a small part of it, to sit down with some of the publishers to get their views on this question, and I think it might very well be done at a meeting at some future time, let us say in New York, of your Association, at which some of these publishers will be present.

We will adjourn.

(The following report was submitted for the record:)

UNITED STATES DEPARTMENT OF COMMERCE

BUSINESS AND DEFENSE SERVICES ADMINISTRATION

FOREST PRODUCTS DIVISION

SUPPLEMENTAL REPORT NO. 3

MARCH 26, 1956.

To the Preliminary Report—Newsprint Production and Supply submitted on January 10, 1956, to the House Interstate and Foreign Commerce Committee, prepared by the Forest Products Division, Business and Defense Services Administration, United States Department of Commerce

The estimates of 1955 United States supply and consumption included in the January 10, 1956, report were based upon incomplete data. Complete figures on 1955 United States production, imports, and exports of newsprint are now available. This makes possible a reappraisal of the 1955 United States newsprint supply-consumption position, and consequently serves as a basis for reviewing the previous projections for 1956 supply and demand of newsprint.

SUMMARY

1. Complete data for 1955 show total United States newsprint consumption at 6,466,000 tons, an increase of 384,000 tons or 6.3 percent over 1954.
2. United States production in 1955 was 1,458,000 tons, a gain of 266,000 tons or 22 percent over 1954.
3. Estimated United States newsprint demand for actual consumption in 1956 is 6,850,000 tons compared with an expected supply of 6,810,000 tons, an apparent deficit of 40,000 tons.
4. United States production in 1956 is estimated at 1,630,000 tons, a gain of 172,000 tons or 11.8 percent over 1955.
5. While a near balance between consumption demand and supply is indicated for 1956, individual consumers of newsprint may experience difficulty in obtaining all the newsprint they desire.

UNITED STATES NEWSPRINT CONSUMPTION AND SUPPLY, 1955

A record 6,466,000 tons of newsprint were consumed in the United States during 1955, according to official Government statistics for the full year. This was an increase of 6.3 percent or 384,000 tons over the 1954 level. The rise is especially significant when measured against the 1950–54 period, when United States newsprint consumption increased only 226,000 tons, or 3.9 percent in 4 years, or an average annual gain of 56,500 tons, or about 1 percent a year.

Both United States and Canadian newsprint mills operated at full capacity in 1955. Still the demand was not fully satisfied, as evidenced by the withdrawal of some 56,000 tons from publishers' inventories during the year.

The Government Printing Office was among newsprint consumers recently having difficulty in obtaining newsprint. Through the efforts of the Forest Products Division, Business and Defense Services Administration, Department of Commerce, and the Newsprint Service Bureau, a voluntary plan for meeting the Government Printing Office's newsprint requirements has been developed by United States newsprint producers with the approval and cooperation of newspaper publishers. Part of Government Printing Office's difficulty in obtaining newsprint has been its previous practice of purchasing on a quarterly bid basis.

Now, however, the Printing Office is entering into yearly contracts, which are more in line with commercial practice and which will enable domestic suppliers to plan their production schedules so as to meet these essential requirements.

Production of newsprint in the United States reached 1,458,000 tons in 1955, nearly double that of 10 years ago. The new capacity available from the second newsprint machine installed in Maine and the full year's operation of the new Tennessee mill account for most of the 1955 increase of 266,000 tons over 1954 production.

Imports of newsprint from Canada were slightly above 5 million tons in 1955, a rise of 150,000 tons above that received in 1954, and over 80 percent of the 6.2 million tons produced in Canada. Newsprint imported from overseas in 1955 was 146,000 tons, with Finland furnishing all but 11,000 tons. Austrian newsprint accounted for 6,000 tons, while Norway, Sweden, and Western Germany made up most of the balance, with insignificant tonnages also coming from Belgium and the Netherlands.

Exports of newsprint from the United States during 1955 were 207,000 tons, the traditional Latin America and Philippine markets taking 135,000 tons. Exports to Europe were 46,000 tons, while Asia and Africa took the remaining tonnage.

TABLE I.—*Newsprint, United States production, imports, exports, consumption and inventories, 1955 and 1954*

[Thousands of short tons]

Item	1955	1954	Percent change 1955 versus 1954
United States production	1,458	1,192	+22.3
United States exports	−207	−140	+47.9
Available for United States use	1,251	1,052	+18.9
Imports from Canada	5,013	4,864	+3.1
Imports from overseas	146	128	+14.1
Total imports	5,159	4,992	+3.3
Total United States supply	6,410	6,044	+6.1
Inventories (end of year):			
Publishers	458	516	−11.2
Mill	8	6	+33.3
Total inventories	466	522	−10.7
Change in inventories	[1] 56	[1] 38	
Apparent consumption	6,466	6,082	+6.3

[1] Withdrawal.

Source: Production, Imports and Exports, Bureau of Census; Publishers Inventories, American Newspaper Publishers Association representing data from 525 newspapers estimated to consume 76 percent of total United States Newsprint; Mill Inventories, Newsprint Service Bureau.

UNITED STATES NEWSPRINT DEMAND AND SUPPLY OUTLOOK FOR 1956

In the Preliminary Report—Newsprint Production and Supply, submitted on January 10, 1956, newsprint demand for consumption in the United States for the year 1956 was estimated at 6,700,000 tons. This represented an increase of 234,000 tons, or 3.6 percent over the revised 1955 consumption. While total apparent newsprint consumption in the United States in 1955 was 6.3 percent above 1954, it is noteworthy that in the past 5-year period, 1950, through 1955, the average year-to-year increase was approximately 2 percent.

United States newsprint consumption in the first 2 months of 1956 (as reported by the American Newspaper Publishers Association) was at a rate of 6.8 percent above the first 2 months of 1955. (In 1955, the level of consumption during the last 9 months was higher than in the first 3 months.) Information obtained informally from some of the larger concerns handling advertising accounts indicates that for at least the first half of 1956 demands for advertising space in newspapers will be at a new high level. Furthermore, the political campaigns, which will gather momentum in the latter part of the year, are expected to generate further demand for newsprint, not only for editorial coverage but also for political advertising.

These circumstances make it most difficult to estimate within a narrow margin of accuracy a projected demand for newsprint in 1956, irrespective of the total supply expected to be available. For purposes of this report, it is arbitrarily estimated, based upon the foregoing observations, that newsprint demand for the year 1956 may average approximately 6 percent greater than the total consumption of newsprint in the United States in 1955. This results in a projected demand figure for actual consumption of approximately 6,850,000 tons.

Newspaper publishers reporting inventories to the American Newspaper Publishes Association showed 34 days' supply on hand and in transit at the end of December 1955. To bring stocks up to a 45-day level by the end of 1956 would require 200,000 tons. This additional tonnage for inventory replenishment would bring total demand in 1956 to 7,050,000 tons. The estimated total supply available to United States consumers of newsprint in 1956 is 6,810,000 tons.

An apparent deficit of 240,000 tons is therefore indicated to cover both inventory replenishment and actual consumption demand. The indicated deficit against actual demand for consumption, however, is only 40,000 tons.

Even though 1955 apparent consumption of newsprint was at an alltime high (6,466,000 tons) and necessitated the withdrawal of some 56,000 tons from publishers' inventories, this withdrawal was well below the 100,000 tons estimated on the basis of the situation at the end of November 1955. According to the American Newspaper Publishers Association, newsprint inventories of the 525 publishers rose 50,000 tons in December 1955. This was contrary to the pattern of 1952–54 when year-end inventories stayed at the same level or declined moderately from the November 30 level. The building of inventories at the publishers' level has continued into the first 2 months of 1956, although somewhat more moderately, with a rise of 14,000 tons in January and 1,000 tons in February for a total increase of 65,000 tons in the 3-month period since November 30, 1955. The reverse happened a year previous, when inventories declined 23,000 tons in the same period. From November to February 1952–53 and 1953–54, inventories showed a slight building up of about 25,000 to 30,000 tons.

It should not be inferred from the current improvement in publishers' inventories, covered by the American Newspaper Publishers Association survey, that all United States consumers of newsprint are now, or soon will be, able to obtain all the newsprint they desire. There are and probably will continue to be shortages of newsprint during 1956 with respect to individual customer requirements.

United States production of newsprint should further increase in 1956 as the expansion in the Texas mill comes into operation, with full-year operation of the new capacity in Maine, and possibly with some newsprint being available in the latter part of the year from the mill being built in Alabama. Also, other mills are undergoing modernizations and speedups, which will contribute toward a new record of newsprint production in the United States. It is believed that our earlier estimate of 1956 production at 1,630,000 tons is still reasonable and should be used in determining the available supply for 1956. United States exports of newsprint in 1956 are estimated at 220,000 tons, which are in line with the 207,000 tons exported during 1955. If these levels are realized, there would be available from United States sources 1,410,000 tons of newsprint, an increase of about 160,000 over the 1955 level.

Information received from Canada discloses a revision in the amount of Canadian newsprint expected to be available to United States markets in 1956. The earlier figure of 5,200,000 tons has been increased to 5,275,000 tons, which would be an additional 262,000 tons from that source over the 1955 level. Imports from overseas have been estimated at 125,000 tons compared with 146,000 tons in 1955. During the last quarter of 1955, imports from overseas sources were at a higher level than in the first 9 months. Should this trend continue through 1956, imports from overseas may exceed 1955 and would ease the domestic supply situation accordingly.

A general strike in Finland, the second largest exporter of newsprint to the United States, stopped newsprint production there as of March 1, 1956, affecting the weekly production of about 15,000 tons. However, because of the unusually cold winter, shipping lanes have been frozen over, and storage facilities for newsprint and other export commodities are being strained to the limit. The strike is not expected to delay unduly shipments of Finnish newsprint to the United State, which in 1955 amounted to 135,000 tons.

In summary, the revised estimates of the 1956 United States supply-demand for newsprint are as shown below:

United States newsprint supply-demand—1956 (1,000 short tons)

Demand:		
Consumption demand		6,850
Rebuilding of inventory		[1] 200
Total 1956 demand		7,050
Supply:		
Imports from Canada		5,275
Imports from overseas		125
United States production	1,630	
United States exports	−220	
United States supply for United States consumers		1,410
Total 1956 supply		6,810
Apparent deficit:		
For inventory replenishment	200	
For actual consumption	40	
Total		240

[1] From the low point in 1955 (408,000 tons as of Nov. 30, 1955) publishers' inventories increased by 65,000 tons to 473,000 tons by Feb. 29, 1956.

PROJECTIONS FOR 1957–65

It should be noted that this revised estimate of 1956 demand for newsprint consumption at 6,850,000 tons is above the 1957 projected level of 6,800,000 tons in the preliminary report, If these upward revisions for 1956 are borne out by actual figures, review later this year of the estimate of newsprint demand for subsequent years will be required.

Of considerable interest to United States consumers of newsprint has been the decision by the British Government that newsprint rationing in Great Britain will be continued, rather than abandoned this March, as was announced last August. It is understood that this decision was occasioned by the inability of all British newspapers to agree on a system of voluntarily rationing newsprint, since supplies were not expected to be sufficient to meet the unrestricted demands of all consumers, especially the smaller newspapers. The London Times, according to reports, is planning to use groundwood papers instead of newsprint. Supplies of newsprint in 1956 for the United Kingdom are now estimated at 930,000 tons, slightly above the 1954 level of 904,000 tons but 170,000 tons below the 1,100,000-ton estimate used in the preliminary report. The 1,100,000-ton figure was based on the assumption that the derationing of newsprint this March would go into effect.

Since Canada is the principal supplier of England's imported newsprint, the continuation of newsprint controls there will relieve some of the pressure on Canadian mills to increase exports to England. Although the remainder of the world is actively seeking newsprint from Canada and other sources, continuation of newsprint rationing by the largest consumer of newsprint outside of the United States should be reflected to some extent by increased availablity of Canadian newsprint for United States markets, as evidenced by the increase of 75,000 tons in estimates of Canadian shipments to the United States.

(Thereupon, the hearing was adjourned at 12:45 p. m., subject to the call of the Chair.)

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